honored in the breach than honored in the practice, because the House has developed a highly refined process by which they call the most complicated legislation a limitation. Once the House has put any kind of legislation on an appropriation bill, it is not subject to a point of order in the Senate. So there is as much legislation in most appropriation bills as there is in a legislative bill.

Mr. DOMINICK. House language is not subject to a point of order. Any legislation put in by the Senate on an appropriation bill is subject to a point of order. Will the Senator agree to that?

Mr. FULBRIGHT. Stated in that fashion, it is correct. But the Senator will find that in practice it is very easy to overcome it by a change of wording and call it a limitation. I will ask the Parliamentarian of the Senate, if the Senator wishes me to do so.

Mr. DOMINICK. Does the Senator know of any instance in which, with an authorization bill approved by conference and reported back well ahead of when the appropriation bill comes out, the appropriation bill has ever exceeded the authorization?

Mr. FULBRIGHT. I do not. I was quite surprised even in this case. I grant the circumstances of the lateness of the bill, and I may say to the Senator that the authorization bill did not come over from the House, until late November. We acted on it quite promptly after it came from the House.

Mr. DOMINICK. I was not criticizing the Senator. I was criticizing the fact that we did not get through the appropriation bills early enough so the Appropriation Committee would know the final result.

Mr. FULBRIGHT. I said earlier that I did not mean this as a personal reflection upon the Senator from Wyoming. I was under the impression that regardless of the timing of the action by the committee, the authorization in effect set a ceiling upon the appropriation, that an appropriation larger than an authorization would not be legally binding. But I now find that it is binding. Of course, we know they can cut it below, if they wish.

Many Representatives and Senators have complained that the Executive does not have to spend the money we appropriate, and this is true. There have been many complaints about that, too, because the Executive sometimes does refuse to spend it.

As I have said, I believe it will give us an opportunity either to change the rule of the Senate or to change the basic legislation guiding the Comptroller General.

Mr. President, I will discuss it further in the morning, and the Senator from Wyoming and I intend to have a colloquy regarding the matter.

RECESS UNTIL 9 A.M. TOMORROW

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 9 a.m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 10 minutes p.m.) the Senate took a recess until tomorrow, Thursday, December 18, 1969, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate, December 17 (legislative day of December 16), 1969:

ASSISTANT SECRETARY OF DEFENSE

Gardiner Luttrell Tucker, of Virginia, to be an Assistant Secretary of Defense.

U.S. ATTORNEY

Whitney North Seymour, Jr., of New York to be U.S. attorney for the southern district of New York for the term of 4 years.

CONFIRMATIONS

Executive nominations confirmed by the Senate, December 17 (legislative day of December 16), 1969:

U.S. CIRCUIT JUDGES

John J. Gibbons, of New Jersey, to be a U.S. circuit judge, third circuit.

Joe McDonald Ingraham, of Texas, to be U.S. circuit judge, fifth circuit.

U.S. DISTRICT JUDGES

Philip C. Wilkins, of California, to be U.S. district judge for the eastern district of California.

George H. Barlow of New Jersey to be U.S. district judge for the district of New Jersey.

Leonard I. Garth, of New Jersey, to be U.S. district judge for the district of New Jersey.

U.S. ATTORNEYS

John L. Briggs, of Florida, to be U.S. attorney for the middle district of Florida for the term of 4 years.

Eugene E. Siler, Jr., of Kentucky, to be U.S. attorney for the eastern district of Kentucky for the term of 4 years.

Hosea M. Ray, of Mississippi, to be U.S. attorney for the northern district of Mississippi for the term of 4 years.

U.S. MARSHALS

Loren Wideman, of Florida, to be U.S. marshal for the southern district of Florida for the term of 4 years.

George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years.

Anthony E. Papa, of Florida, to be U.S. marshal for the District of Columbia for the term of 4 years.

HOUSE OF REPRESENTATIVES—*Wednesday, December 17, 1969*

The House met at 12 o'clock noon.

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

Unto you is born this day in the city of David a Saviour, who is Christ the Lord.—Luke 2: 11.

O God, our Father, who hast brought us again to the glad season when we commemorate the birth of Jesus Christ; grant that Thy spirit in Him may be born anew in all our hearts and that we may joyfully welcome Thee to rule over us. Open our ears that we may hear again the angelic chorus of old; open our eyes that we may see the star that shines forever in our sky; open our lips that we may sing with uplifted voices, "Glory to God in the highest and on earth peace, good will among men."

As we enter the portal of this new day help us to be faithful in the discharge of our duties, honorable in our dealings, and loving in mind and heart; to the glory of Thy holy name. 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 agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14916) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes."

The message also announced that the Senate agreed to the House amendments Nos. 1, 5, 7, 10, 11, 13, and 14, to the foregoing bill.

RESIGNATION FROM COMMITTEE ON THE DISTRICT OF COLUMBIA

The SPEAKER laid before the House the following resignation from a committee:

DECEMBER 16, 1969.

Hon. JOHN W. MCCORMACK,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Please accept my resignation from the District of Columbia Committee, effective December 16, 1969.

With kindest personal regards, I am,
Sincerely,

FRANK HORTON.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

ELECTION TO COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. GERALD R. FORD. Mr. Speaker, I offer a privileged resolution (H. Res. 756) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 756

Resolved, That Earl F. Landgrebe, of Indiana, be and he is hereby elected a member of the standing committee of the House of Representatives on the District of Columbia.

The resolution was agreed to.

A motion to reconsider was laid on the table.

NIXON POLICY BACKED

(Mr. WIDNALL asked and was given permission to address the House for 1

minute to revise and extend his remarks and include extraneous matter.)

Mr. WIDNALL. Mr. Speaker, recently the New York Times carried a letter from Dean Acheson, who served as President Truman's Secretary of State.

Mr. Acheson commented on a typical Times editorial, which called on Vietnam protestors to focus their protests on Congressmen.

Mr. Acheson's reaction is included. It is worth reading.

NIXON POLICY BACKED

WASHINGTON,
November 17, 1969.

To the EDITOR:

In your lead editorial of Nov. 17—"Demonstrating Against the War"—you conclude: "The responsible course for war foes is to focus their energies on more manageable forms of protest—for example, political action directed at members of Congress . . ."

Surely the most responsible course for "war foes"—and surely that term includes all of us—is to focus on finding out what the issue is, if, indeed, there is one. No one, including your esteemed selves, has yet proposed a quicker and more practicable manner of ending our participation in the war than that being followed by the President—the steady withdrawal of American forces and the steady strengthening of Vietnamese forces.

General MacArthur was ordered on Dec. 14, 1945, to return as expeditiously as possible all our three million Japanees prisoners of war in China. With an average haul of 800 miles and all Japanese ships at his disposal, this task took him fourteen months.

The logistics of moving a half million men and a mountain of war material 8,000 miles, to say nothing of the impediment (should we press the panic button) of the one million refugees who fled the Communists from the North, would be formidable.

If there is a better plan than the President's let's hear it.

DEAN ACHESON.

CREATE A STANDING COMMITTEE ON THE ENVIRONMENT

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

Mr. MINSHALL. Mr. Speaker, water and air quality, weather modification, waste disposal, pesticides, herbicides, acoustic problems add up to a massive threat to our Nation, a domestic physical danger unequaled by anything else except the mass slaughter on our highways.

Ecological problems are so vast and complex they must be accorded the intensive scrutiny only a professional staff of experts and a membership of dedicated Representatives can give. Man threatens to destroy his own environment and we cannot afford fragmentation in our fight on pollution. Yet Government programs dealing with these problems currently are considered by committees already burdened with completely unrelated legislative tasks. The problem demands the concentrated attention of a standing House committee and I today am joining in introducing legislation to create such a committee. Congress must be the leader in the battle to salvage our environment and creation of a House Committee on the Environment solely dedicated to that goal is essential.

GETTING APPROPRIATIONS THROUGH ON TIME

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

Mr. WYMAN. Mr. Speaker, I hope all Members who have not as yet had time to do so, will take a careful look at my House Resolution 557 to break the appropriations logjam in this House. I have written each Member individually about this, but during the holiday season in particular the mail has a way of piling up.

This proposal is extremely simple, but it would effectively enable us to get our appropriations bills through and on to the other body before July 1 in succeeding years. It would amend the House rules—rule XXI—to provide that points of order may not be made against appropriations measures for lack of a prior authorization on and after June 1 in each year.

This gives authorizing committees 5 months to complete action on authorizations. This is enough time. If they have not done the job by June 1 the Appropriations Committee may bring its bills to the floor.

Mr. Speaker, I urge cosponsorship and early adoption of this change in the rules in the interest of restoring some semblance of order to the chaos that we find ourselves in at this time. It is all so unnecessary—and so avoidable—by the simple adoption of House Resolution 557 which does not require action by the other body.

ADDITIONS TO LEGISLATIVE PROGRAM

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

Mr. ALBERT. Mr. Speaker, I am glad the distinguised minority leader is here because I take this time to advise the House that we are adding to the program tomorrow House Resolution 572 to authorize additional investigative authority for the Committee on Education and Labor.

Further, Mr. Speaker, I would also like to say that we are hopeful of an adjournment that will be as early as possible, but also to state that when we do adjourn sine die we expect to adjourn to come back on January 19.

Mr. GERALD R. FORD. Mr. Speaker, if the gentleman will yield, did the gentleman say "January 19"?

Mr. ALBERT. Monday, January 19.

Mr. GERALD R. FORD. I am very grateful for that information, and I concur with the selection of that date.

Mr. ALBERT. January 19 is District Day, and I hope there is no District business on that day.

Mr. GERALD R. FORD. Mr. Speaker, would the distinguished majority leader yield?

Mr. ALBERT. I will be glad to yield to the distinguished minority leader.

Mr. GERALD R. FORD. Mr. Speaker, I thank the gentleman for yielding further, and I wonder if the distinguished gentleman from Oklahoma could tell us the sequence of the legislative activity for today and tomorrow?

Mr. ALBERT. After the preliminaries we will have a conference report on the Coal Mine Safety Act, and then we will go on with the consideration of the resolution to take up H.R. 15091.

Whether we will take up the third item on the whip notice or not today has not yet been decided.

Mr. GERALD R. FORD. That is H.R. 14944?

Mr. ALBERT. That is right.

Mr. GERALD R. FORD. For the protection of the executive mansion, and so forth?

Mr. ALBERT. That is correct—and we will take up conference reports just as soon as they are ready.

Mr. GERALD R. FORD. May I say this to the distinguished majority leader, I would hope under the circumstances that the mine safety conference report would not come up today. The gentleman from Illinois (Mr. ERLENBORN), who has been active and most constructive in the formulation of this legislation and who has been a conferee is very concerned about the conference report being considered now and he knows the facts better than I do. I object to the conference report being scheduled today, without any prior notice that the papers are coming to the House for action first. I object because a copy of the conference report was not delivered to the gentleman from Illinois (Mr. ERLENBORN) until 10 or 15 minutes prior to the convening of the House this morning.

Mr. PERKINS. Mr. Speaker, will the distinguished gentleman yield to me?

Mr. ALBERT. I am glad to yield to the gentleman.

Mr. PERKINS. First let me state that during my time in the Congress, never has the writing of a conference report dragged out so long with the staff on both sides of the aisle. On all occasions during these proceedings the gentleman from Illinois has had access to the working papers, and on all occasions he could by the exercise of care, obtained what was in this report, upon request. On all occasions minority counsel had participating access to the writing of the report.

The conference report was never dedelivered to me until last night. But the conference report was delivered to the chief attorney for the minority of the Committee on Education and Labor yesterday at approximately 1 p.m. We all know here that we have to move these conference reports near the end of the session. I did not know myself that the House would go first until 10:30 o'clock last night when I talked with Senator WILLIAMS and he said that he had an agreement with Senator JAVITS. Then I

said, "If you have an agreement, then we will go first."

I talked to the Speaker yesterday and I told the Speaker that we had to move this conference report at the earliest possible moment.

The gentleman from Illinois (Mr. ERLENBORN) heard me so state last night, even though I did not mention to him a more definite time.

But it is common knowledge that the session is near an end and on a conference report, I think we all must take notice and cognizance of the fact that it may be called up and disposed of just as soon as it is available.

Now, I made a unanimous-consent request yesterday.

The SPEAKER. The time of the gentleman from Oklahoma (Mr. ALBERT) has expired.

LEGISLATION ON MINE SAFETY

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

Mr. PERKINS. Mr. Speaker, I do not know of any member of the committee who has done more diligent work than the gentleman from Illinois (Mr. ERLENBORN), as has the gentleman from California (Mr. BELL), and when I made the unanimous-consent request yesterday it was with the belief that the gentleman from Illinois was as anxious as I to see the conference report filed.

Now I yield to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Speaker, I wish the minority leader would have asked me a question or two before he brought up the subject matter that he is now discussing.

The chairman of the full committee has told you a little about the trials and tribulations of this piece of legislation.

Since November 20, after a practically unanimous decision on every feature of this bill in the conference, it has been played with at the insistence of certain individuals who tried to rewrite this whole bill to suit their purposes which were often contrary to the decisions of the conferees.

During every minute of the last 7 weeks action has been delayed on this bill, and every day that this bill does not become the law of the land we are standing on a stack of dynamite that could blow sky high. Any mine can blow without a moment's warning, except by pursuing the provisions of this act. Warning devices, for instance, will be installed to give a maximum time of warning.

The SPEAKER. The time of the gentleman from Kentucky has expired.

COAL MINE SAFETY ACT—THE CONFERENCE REPORT

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

Mr. GERALD R. FORD. Mr. Speaker, I should like to make several observations. A few moments ago the gentleman from Kentucky, the chairman of the committee, himself said that this was a conference report of magnitude. In the same breath he conceded that the conference report was not delivered to the gentleman from Illinois (Mr. ERLENBORN) until 15 minutes before the House met. That is the fact whether the gentleman concedes it or not. It is the fact.

A conference report of the magnitude about which the gentleman speaks ought to have exposure to a member on our side on the conference committee for more than 15 minutes. That is point No. 1.

Second, when the unanimous-consent request was agreed to last night before we adjourned, it was the understanding of every Member on our side that the Senate would act on the report first. They would take the papers. We now come here, without any prior notice, not one bit of prior notice, and we find that the papers have arrived here first and the House is scheduled to act first. Nobody told us about the change in program.

Third, about 10 days ago the gentleman from Kentucky protested strongly about being surprised with an amendment to be offered to the OEO or poverty bill, and as a result of being taken by surprise, as he alleged, he called off consideration of that legislation for a week or more. What is good for the goose is good for the gander, I believe. On this occasion, we have been caught by surprise, without previous information on the part of the gentleman from Illinois. Under these circumstances the gentleman from Kentucky ought to give us at least 24 hours to take a look at the report.

COAL MINE SAFETY ACT—THE CONFERENCE REPORT

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

Mr. DENT. Mr. Speaker, while there may be an element of surprise, I might say to the House that the first element of surprise was that the Senate finally went along and we got it reported out before the session ends.

I started to tell you that this bill has been before our committee, and the gentleman from Illinois has been with me in its consideration since January. He knows every word of this report, the same now as he did yesterday. Last night he was told that there was a controversy about which we knew nothing, up until that moment, that we had to consider the report first. This was not a decision made by the Democratic leadership; it was made by the Senate, and I understand at the insistence of a member of the minority. This of course cut down the time for all to reread the report.

I worry enough of the dangers involved in everyday mining, that I beg you to act upon this legislation whether we go first, second, third, or last, in order to expedite passage of this needed safety legislation.

The instantaneous monitor called for in this act will warn against imminent danger that may save us from another Farmington disaster. Every day we sit tight on this piece of legislation we are endangering some man's life. I ask all the Members, What is the delay for? Will there be any better understanding tomorrow of what is in this report than there is today? Of course not.

LEGISLATION ON MINE SAFETY

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

Mr. PUCINSKI. Mr. Speaker, I would hope that the minority leader would withdraw his objection and let us proceed today with this conference report for this reason.

Mr. GERALD R. FORD. Mr. Speaker, if the gentleman will yield, I have not objected. I am simply stating the facts and objecting to the lack of prior notice.

Mr. PUCINSKI. Mr. Speaker, there is a substantive objection that my colleague from Illinois has to this report, and it is entirely possible we will have to go back to conference. I do not know. It is going to be up to the will of the House.

The chairman of the committee, the gentleman from Kentucky, has said the report was delivered to the minority counsel yesterday at 1:30. I have the highest regard for my colleague, the gentleman from Illinois. I do not think anybody was trying to pull anything over his eyes.

I must say this in all honesty, that I was under the impression until late last night that the Senate was going to act first, and we would have ample time to discuss this conference report and work it out. I believe the gentleman from Kentucky acted in good faith when he did what he did yesterday and in doing what he is doing today.

Mr. Speaker, all we want to do is proceed with this conference report. My colleague, the gentleman from Illinois, will have an opportunity to state his objections to the conference report. It is entirely possible the House will instruct us to go back. I do not know.

But today is Wednesday. We have Thursday and Friday. I do not know what the program is for the next week. I am sure every Member of this House wants to have this conference report approved before we adjourn for the Christmas holidays, because of the imminent dangers to coal miners described so eloquently by the gentleman from Pennsylvania. I think all of us on this floor can agree that no one knows better these dangers than the gentleman from Pennsylvania (Mr. DENT).

Mr. Speaker, I hope we can proceed with the conference report and if the House instructs us to go back to conference, we can do so Thursday and Friday and still have the bill back for final action before we leave for the Christmas holidays.

LEGISLATION ON MINE SAFETY

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

Mr. ERLENBORN. Mr. Speaker, this conference report has been in the drafting stage for several weeks since the conferees supposedly reached agreement. As a matter of fact, new language has been

drafted almost daily—new legislative language, and some which I firmly believe is not within the agreement of the conferees, which was reached some weeks ago.

The first time what is the most controversial section of this bill was made available to me in the form that it is supposed to be in the RECORD this morning was when it was given to my counsel late yesterday afternoon, about 4 o'clock. And he informs me this morning that upon comparing it with the conference report as printed in the RECORD, he finds it is not an accurate copy. So I can tell this House I have not seen a full and accurate copy of the conference report before seeing it in the RECORD this morning.

Some of the language in the other sections I never did see until this morning, until I saw the copy which was printed in the RECORD, which was delivered late to my office.

Yesterday it was my intention to object to any request for leave to file the conference report. The chairman of the committee, without consulting any Member of the minority side, got that unanimous consent and filed the conference report at about 11:30 last night.

This morning I was informed by sources other than the majority and other than my chairman that he intended to call up the conference report as the first order of business. I was not, until I reached the floor of this House, informed by the chairman that he intended to call up the conference report today.

Mr. Speaker, I think this is a shabby way to be treated by the chairman of my committee and a shabby way to engage in the legislative process.

LEGISLATION ON MINE SAFETY

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

Mr. BURTON of California. Mr. Speaker, I think the discussion we are having this afternoon should be put in this context.

There are a good many provisions in this bill, but I believe it is admitted by all that there is no quarrel with any of the sections of the bill except the black lung payment. It has been that feature and that feature alone which for more than 3 weeks the conferee staffs have been unable to construct agreeable language on.

As to the meaningful provisions of the black lung payment, the gentleman from Illinois and this Member have been in constant contact. The gentleman from Illinois was aware of any of the basic judgments made with reference to this one section.

And let me say this: One of the problems of the conferees was that the conference agreement had to be severely restricted. The provisions agreed to had to be severely cut back to conform to the rules of this House. Hence they were. So the provision before the House today is more restrictive or conservative, if you please, than that which the conferees agreed to.

The fact is that the black lung payment before us this morning, I assert and affirm, is virtually a twin brother cut down from the very black lung payment approved by this House earlier this year.

LEGISLATION ON MINE SAFETY

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

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

Mr. DANIELS of New Jersey. I yield to the gentleman from Pennsylvania.

Mr. DENT. I want to answer one charge made by the ranking minority member about the unanimous-consent request. That came about because, as you know, we have been anxiously awaiting any break through the barrier we have been up against. If the gentleman is charging shabby treatment in the manner this bill has been handled, I would suggest he lay the charge of shabby treatment where it belongs.

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

Mr. DENT. The gentleman from New Jersey has the floor.

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

The SPEAKER. Before the gentleman's minute is up?

Mr. ARENDS. I will wait until the minute is up.

Mr. DENT. I was going to say, I do not often take this kind of action, but if I am cut off I will guarantee there will be no unanimous-consent request agreed to as long as this House is in this session.

The SPEAKER. The Chair and the gentleman from Illinois have reached an agreement. The gentleman does not press his point of order at this moment.

Mr. DANIELS of New Jersey. Mr. Speaker, I yield to the gentleman from Pennsylvania.

Mr. DENT. The unanimous consent was asked for at the opportune moment during the regular session of the Congress because the Speaker gave us information that we could get it onto the calendar today if we could get the report printed. The report was ready, completely ready, 4 weeks ago, but every day we got a request to hold up the report from the Senate asking for a change of "if," "and," or "wherefore."

When I walked on the floor after I had been advised by the Speaker that we would be calendaring the bill today the chairman of the committee had a matter before the House, and I whispered to him that if we could get unanimous consent to file the report we would come 1 day closer to getting this bill through. If there is anybody at fault, it is my fault, not the chairman's.

There was no intent to ignore the ranking Member or any other Member. I feel deeply about the legislation. I pray you will help me make coal mining safer.

The SPEAKER. The time of the gentleman from New Jersey has expired.

CALL OF THE HOUSE

Mr. ARENDS. Mr. Speaker, may I now renew my point of order that a quorum is not present. Since this minute has expired and since it is a terribly interesting discussion, I am sure the other Members would like to hear all of this discussion. Therefore, Mr. Speaker, I renew my point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 329]

Abbitt	Gallagher	Nichols
Andrews, Ala.	Gilbert	O'Hara
Baring	Gray	Ottinger
Bolling	Hall	Pelly
Celler	Hanna	Pollock
Clark	Hansen, Wash.	Powell
Clay	Hébert	Quie
Conyers	Heckler, Mass.	Rees
Cunningham	Kirwan	Reid, N.Y.
Davis, Ga.	Leggett	Rivers
Dawson	Lipscomb	Rooney, Pa.
Dickinson	Long, La.	Scheuer
Diggs	McCloskey	Steed
Downing	McEwen	Teague, Calif.
Foley	Martin	Teague, Tex.
Ford, William D.	Monagan	Tunney
	Moorhead	Whalley

The SPEAKER. On this rollcall 383 Members have answered to their names, a quorum.

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

APPOINTMENT OF CONFEREES ON H.R. 13000, FEDERAL SALARY COMPARABILITY ACT OF 1969

Mr. DULSKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13000) to implement the Federal employee pay comparability system, to establish a Federal Employee Salary Commission and a Board of Arbitration, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with Senate thereon.

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

Mr. GERALD R. FORD. Mr. Speaker, reserving the right to object—and I do not intend to object—would the gentleman from New York, the chairman of the committee, give us any information as to whether it is the hope or intention of the House conferees to conclude action on this legislation prior to adjournment, or whether it is something that will carry over and be considered in the conference after we reconvene in January?

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

Mr. GERALD R. FORD. I yield to the gentleman from New York.

Mr. DULSKI. It is the opinion of the committee that we will ask for a conference and will not do anything on it until the year 1970.

Mr. GERALD R. FORD. I thank the gentleman.

Mr. Speaker, I withdraw my reservation.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Messrs. DULSKI, HENDERSON, OLSEN, UDALL, CORBETT, GROSS, and BUTTON.

JOINT STATEMENT BY CHAIRMAN DULSKI AND SUBCOMMITTEE CHAIRMAN UDALL ON PENDING VERSION OF FEDERAL SALARY COMPARABILITY ACT OF 1969

(Mr. DULSKI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DULSKI. Mr. Speaker, with regard to the legislation (H.R. 13000) just sent to conference, I submit for the RECORD the following joint statement on behalf of myself as chairman of the Committee on Post Office and Civil Service and the gentleman from Arizona (Mr. UDALL), the chairman of the Subcommittee on Compensation:

JOINT STATEMENT BY CHAIRMAN DULSKI AND SUBCOMMITTEE CHAIRMAN UDALL

The pending version of the Federal Salary Comparability Act of 1969—previously passed by the House and now returned to the House after much surgery in the Senate—bears little resemblance to our original legislation.

The bill was drafted and sponsored by the gentleman from Arizona (Mr. UDALL) and a bipartisan group of 17 colleagues on our Post Office and Civil Service Committee. It passed the House on October 14 by a record vote of 311 to 51.

The Senate has completely revised the concept of our bill and approved only token provisions. Final action in the Senate came by voice vote after short discussion last Friday evening.

There is pressure from some sources, notably in the Senate, for the House to accept the Senate version and send it to the White House for Presidential action.

However, White House disapproval is foredoomed.

The President has made it clear he will veto any employee pay bill lacking provision for a postal corporation. The Vice President reiterated the veto promise in a speech to the Governor's Conference over the weekend.

Thus, if the House were to accept the Senate version and send it to the White House before adjournment, it would be an act of futility. The President could pocket-veto the bill, and the House and Senate would have no chance to consider overriding the veto. All the efforts of the two Houses would go down the legislative drain.

The only logical approach for the House, therefore, is to send H.R. 13000 to conference with the Senate. In that way, the conferees can work their will and report back to their respective Houses.

When the final version goes to the White House early next year, the Congress again will be in session and will be prepared to act accordingly if the President should exercise his veto power.

No one will gain anything by sending the present emasculated Senate version to the White House this week.

We have no intention of asking our Committee to start out from scratch in the new year. H.R. 13000 will remain alive by our decision.

REVOLVING FUND OF THE CIVIL SERVICE COMMISSION

Mr. HENDERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 9233) to amend title 5, United States Code, to promote the efficient and effective use of the revolving fund of the Civil Service Commission in connection with certain functions of the Commission, and for other purposes, with a Senate amendment thereto, and consider the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, after line 3, insert:

"SEC. 2. The provisions of section 8341(e) of title 5, United States Code, as amended by section 206(b) of Public Law 91-93 (83 Stat. 140), shall be effective as of October 20, 1969.

"SEC. 3. Section 8340 of title 5, United States Code, is amended by adding the following at the end thereof:

"'(g) Each annuity payable from the Fund based on involuntary separation and having a commencing date after November 1, 1969, but before January 2, 1970, shall be increased, from the commencing date of the annuity, by 5 percent.'"

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

There was no objection.

MOTION OFFERED BY MR. HENDERSON

Mr. HENDERSON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. HENDERSON moves to concur in the Senate amendment with an amendment as follows: In the Senate amendment strike out section 3.

The motion was agreed to.

The Senate amendment, as amended, was concurred in.

A motion to reconsider was laid on the table.

WHAT HAS CONGRESS DONE TO HELP SOLVE THE PROBLEMS OF THE PEOPLE?

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

Mr. MADDEN. Mr. Speaker, I was very happy to hear the majority leader announce that we will not come back until January 19 after we adjourn—I hope Saturday night. When the Members go home, if they have any towns over 20,000 in population in their districts, they might as well figure that they are going to spend much of their time answering questions on the housing crisis, high interest—unemployment, small business problems, water and air pollution, and so forth.

Members are going to be asked, "What have you done as to lower interest rates?"

They are going to be asked, "What have you done to help small business?" In other words the curbing of Federal building—post office construction—highway transportation, et cetera, are other grips on the minds of millions over the Nation.

They are going to be asked, "What have you done to help people get employment? Why do we have such big unemployment?"

Now, I have some good news for the Members. The Rules Committee spent 4 hours in session yesterday, and the Democratic members unanimously reported out a bill which had been unanimously passed by the Democratic members on the Banking and Currency Committee. This legislation if passed by the House today and eventually enacted into law will contribute greatly to a solution of most of our economic problems.

Mr. Speaker, I wish to read to the Members a resolution unanimously adopted by the Democratic House steering committee at our special meeting this morning:

ENDORSEMENT OF H.R. 15091

The House democratic steering committee met this morning and approved the following Resolution:

"Be it resolved by the Democratic steering committee of the House of Representatives, That the Congress should promptly enact H.R. 15091, which will be debated on the House floor today, to lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes."

RAY MADDEN,
Chairman.

So, Mr. Speaker, I hope H.R. 15091 is passed unanimously here so that we can all go home and say that we have really done something and enacted legislation for the benefit of the people.

RESIGNATION OF AND APPOINTMENT OF CONFEREE ON EXPORT CONTROL ACT

Mr. PATMAN. Mr. Speaker, with respect to the Export Control Act, the gentleman from Pennsylvania (Mr. BARRETT) was appointed as a conferee. He would like to be excused from that Therefore, Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania may be excused and the Speaker may be allowed to appoint another conferee in lieu of him.

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

There was no objection.

The SPEAKER. The Chair appoints as the additional conferee in lieu of the gentleman from Pennsylvania (Mr. BARRETT), the gentleman from Ohio (Mr. ASHLEY).

The Clerk will notify the Senate of the action of the House.

JUSTICE AND FAIRNESS FOR GI'S

(Mrs. GREEN of Oregon asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. GREEN of Oregon. Mr. Speaker, I take this 1 minute to comment on reports that have been available to the Education and Labor Committee on financial aid in upward bound prison programs—and committee testimony—this morning on GI financial aid under the Veterans' Administration. I tried to find the distinguished chairman of the Committee on Veterans' Affairs. I know of no person in the United States who has done more for veterans than the very distinguished gentleman from Texas (Mr. TEAGUE). I have extremely high regard for him.

But, Mr. Speaker, the facts are that we are paying an enrollee in the OEO upward bound prison program $175 a

month, plus, I repeat, plus tuition, fees, and books when he is paroled and enrolled in a college. But to a GI, we pay only $130 a month from which he must pay for his tuition, fees, and books when he is discharged and enrolls in a college to further his education. There is $175 a month plus tuition and fees to a prison parolee and only $130 which must include all tuition and fees to a GI.

This hardly seems the wise way to legislate—to pay to a person who has committed a crime against society a much larger amount than to a GI who was, for example, drafted and sent to Vietnam. If this be the way Congress intends to mete out justice then I want no part of it.

I mention this now, Mr. Speaker, to urge the House conferees to increase the GI college benefits to the largest amount possible not only to say to the veterans "a grateful nation does indeed appreciate your loyalty, your service, your patriotism," but also to make it somewhere near as easy for them to continue their education as we now are doing for prison parolees to continue theirs.

It is really incredible to me that the past administration and now the present administration allows this to continue.

I am one Member of this House who thinks that the veteran who has served in Vietnam or Korea is entitled to, at a minimum, as good treatment. So I am pleading for equity and justice and understanding.

TO PROMOTE SAFETY OF EMPLOYEES AND TRAVELERS UPON RAILROADS

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8449) to amend the act entitled "An act to promote the safety of employees and travelers upon railroads by limiting the hours of service of employees thereon," approved March 4, 1907, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 2, line 14, strike out "operation" and insert "movement".

Page 4, line 10, strike out all after "device" down to and including "means" in line 12.

Page 6, line 3, strike out "district" and insert "United States".

Page 6, line 4, after "him" insert "; but no such suit shall be brought after the expiration of two years from the date of such violation".

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

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 10105, NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10105) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for fiscal years 1970, 1971, and 1972, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. STAGGERS, MOSS, MURPHY of New York, BLANTON, SPRINGER, KEITH, and HARVEY.

APPOINTMENT OF ADDITIONAL CONFEREES ON S. 3016—ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1969

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the Speaker be permitted to add two additional conferees on the part of the House on S. 3016, the Economic Opportunity Act Amendments of 1969.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, but in view of the large number of members already on this conference, apparently most of the Committee on Education and Labor will serve thereon.

Is the conference to be held in the armory or the stadium?

Mr. PERKINS. Mr. Speaker, if the gentleman will yield, I might say to my distinguished colleague that we are trying to obtain a large structure. I do not know whether we will be able to accommodate everyone that wants to participate but I may say to the gentleman that there are not many issues to be decided.

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

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following additional conferees: Messrs. SCHEUER and STEIGER of Wisconsin.

The Clerk will notify the Senate of the appointment of the additional conferees.

PRESIDENT NIXON'S VIETNAM ANNOUNCEMENT

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

Mr. ANDERSON of Illinois. Mr. Speaker, on Monday evening President Nixon once again went before the American people to give them a progress report on our Vietnam peace effort. And once again, Mr. Speaker, the President spoke with a candor and openness which the American people both expect and deserve from their leaders. The President's desire to keep the people periodically informed on various developments will go a long way in restoring the faith and the confidence of the people in their Government. I think the President is to be commended on helping to close the credibility gap which in the past cast a shadow of confusion and misunderstanding over our Vietnam policy.

It is unfortunate that no progress has been made in the negotiations since he last addressed us on November 3.

The President went on to say, however, that progress on another front was quite encouraging. The Vietnamization process is going ahead at a quite favorable rate. Consequently, despite some increase in enemy infiltration, the President was able to announce a further American troop reduction of 50,000 to be completed by next April 15. This means that the American troop ceiling has been reduced by 115,000 since the President took office in January of this year. The President described this further reduction as a risk for peace which he was willing to take. But at the same time he warned the enemy against taking any risks in the opposite direction.

Mr. Speaker, I think it is significant that the President has kept faith with the American people in proceeding on an orderly basis with the peace plan he announced on November 3. The reduction announced last night is one more step in the implementation of that plan to bring a just peace to Vietnam. The President noted that the response of the American people to that plan has been highly favorable and positive and he expressed his appreciation for that support.

Mr. Speaker, I too join with the President in the sincere hope that the day is not far off when the Christmas message of "peace on earth" will be a reality.

LOWER INTEREST RATES, FIGHT INFLATION, HELP HOUSING, SMALL BUSINESS, AND EMPLOYMENT

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 755 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 755

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15091) to lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the text of the joint resolution (H.J. Res. 1034) as an amendment in the nature of a substitute for the bill. At the conclusion of the consideration of the bill H.R. 15091 for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from California, (Mr. SISK), is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Florida (Mr. LATTA), pending which I yield myself 10 minutes.

Mr. Speaker, House Resolution 755 provides an open rule wi th 2 hours of general debate for the consideration of H.R. 15091, to lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes.

The resolution also makes it in order to consider the text of House Joint Resolution 1034 as an amendment in the nature of a substitute for the bill.

I might say that the joint resolution which I believe was introduced yesterday provides for a 2-month extension of the authority to limit the rates of interest on dividends payable on time and savings deposits and accounts. In other words, there would be a simple extension for 60 days of regulation Q. Regulation Q, as I recall, expires on December 22, I believe, and this is of some urgency and this would extend it, through the proposed substitute which we do make in order it is extended until February 22.

The purpose of H.R. 15091 is to extend the authority to impose interest rate ceilings. In addition, the bill contains a number of other provisions which are intended to lower interest rates, fight inflation and to help housing, small business, and employment.

Inflation continued at close to a 6-percent annual rate. The latest projections are for further inflationary rises in business investment in the months ahead. It is intended that H.R. 15091 will correct this situation by allowing the Federal Reserve to increase reserve requirements, and other controls over commercial paper and Eurodollar borrowing by commercial banks and bank holding companies, thus calming down the inflationary boom.

High interest rates are devastating to the homebuilding industry and its financial intermediaries. H.R. 15091 is intended to aid housing by allowing Federal Home Loan banks to improve the conventional mortgage market by secondary operations, and by liberalizing mortgage lending restrictions for national banks.

The bill would provide discretionary authority to the President to authorize the Federal Reserve Board to control extensions of credit, particularly consumer credit, and unnecessary bank business lending. This will enable specific attacks on inflationary areas, and thus make unnecessary the present across-the-board supertight money which threatens to cause unemployment and recession.

Mr. Speaker, the bill would increase FDIC and FSLIC bank and savings and loan association insurance from the existing $15,000 to $25,000, thus encouraging deposits which can be re-lent for necessary uses, and would extend existing authority for establishing maximum rates by banks and savings and loan associations on savings and time deposits.

H.R. 15091 would direct the administration to make available $70 million in SBA funds to small business investment companies in order that they may, in turn, invest in small businesses.

Mr. Speaker, specifically this is what the bill, H.R. 15091, is intended to accomplish.

I would like for just a moment to lay the cards on the table because I think today we are going to be faced with some partisan bickering which unfortunately, I am afraid, is not in the best interests of the country.

Here I assess no blame on Republicans any more than I do upon Democrats. I hold no candle for the procedures of the Committee on Banking and Currency in the handling of this bill.

On the other hand, I do not criticize the distinguished gentleman from Texas, the chairman of the committee, because I think he is sincerely concerned about doing something in the best interest of America and in our economy. But I do think in all fairness that we should recognize that probably in the handling of this particular piece of legislation, there might be said to be a plague on both your Houses.

The Committee on Rules spent all day yesterday listening to a series of statements and counterstatements—some completely contradictory—by members of the Committee on Banking and Currency on this particular piece of legislation.

I am going to say quite frankly, Mr. Speaker, I think this squabbling is a bit tragic, when our country is faced with a serious economic crisis that I believe we are faced with, and I know many men—many leaders in Government who are far more experienced and who are far more expert in this area than I am—agree that we truly have a crisis so far as our economics are concerned and so far as the well-being of our Nation is concerned.

I agree, and I am sure we would all agree, that the basic objective that is sought to be achieved to lessen strains on our economy to eliminate and to stop inflation and to improve our employment picture and to increase the availability of housing and increase the availability of credit for the American farmer and for all facets of our economy are the same—whether we be Democrats or whether we be Republicans.

Now it is reasonable to assume that we can—and it certainly was evident yesterday that we do—disagree as to the methods to achieve that result. But in spite of the fact I said I already anticipate some bloodletting here on the floor this afternoon, I would hope that some time—and today would be a good day to start—that we might lay aside some of the partisan bickering and some of the almost unbelievable charges that I heard in the Committee on Rules yesterday—and decide to get down to the nitty-gritty of this subject to see if there are some things that we can do.

I can assure my colleagues, and I am sure you know it as well as I do, that there are people who have far more expertise than I have—that the American people are alarmed and concerned about this situation.

This morning I received telegrams and telephone calls from banks and lending institutions across this country taking one position—if you have not seen them, I am surprised because at this moment you are getting bombarded—at least I have been—with telegrams from the building industry and from people who are concerned.

Yet, we are all basically desirous of attaining the same objective and that is—to get our economy on the straight and narrow and to begin to increase our ability to construct the kind of economic order that this country desperately needs.

I think in the final analysis, we had all better realize that the American people are going to hold us accountable.

I think they are going to hold this administration accountable. Now, you can go back home and blame the previous administration, and I am sure they share in the blame, or even the one before that or the one before that. But I am firmly convinced that our country, from the standpoint of economic strains, is probably faced with the most serious situation that this country has been faced with since 1929. I know I have some young colleagues—and congratulations to you—that do not remember 1929, 1930, and 1931.

We talk about the Hoover administration, and I become sympathetic with Herbert Hoover because he had to take the rap for what amounted to almost the total collapse of this Nation. I do not know whether Mr. Nixon may at some point, if we fail to meet our obligations, have to bear that burden or not. But I know it was not solely Mr. Hoover's fault that we went through the most terrible depression this Nation has ever faced.

At the same time we in the Congress, whether we be Democrats or Republicans, in my opinion, cannot avoid our share of the responsibility.

I do not know what the results of the proposed bill reported by the Committee on Banking and Currency Committee will be. I know that it is an attempt, a sincere and a dedicated attempt by a number of people to try to place some restraints on inflation and try to make it possible for a great many Americans to buy a home—and I am talking about Americans who want to buy homes in the area of $10, $15, and $20, even up to $30,000. I know that under the present situation it is utterly impossible for them to buy such a home. It is impossible for any builder in this country to build such a home, because you cannot do it on 10- to 12-percent money, and that is what you are faced with.

I know that farmers across this country are in the worst shape they have been in many, many years, purely because they cannot today borrow money at a reasonable rate. The farmer today, when he walks in a bank, is either turned down or must pay 10 percent, 11 percent, or 12 percent for money. This is exactly the situation our country is in, and this administration and this Congress—one Democratic controlled, the other Republican controlled—are going to be held accountable to the American people next year, and let us not kid ourselves about it.

So all I would urge to my colleagues is that we give serious thought to this situation. I indict my Republican friend, my good friend, BILL WIDNALL, for only one thing, and that is that despite all the opposition yesterday to the bill which the committee has brought out, they offered no alternatives. Most of you know that I am not partisan, and I do

not propose to be partisan in this case. All I am saying to my good friend, the gentleman from Tennessee (Mr. BROCK) who made an excellent statement before our committee, the gentleman from New Jersey (Mr. WIDNALL) and others on the Republican side is that, for goodness sake, if this is not the answer, and it may not be, then come up with something, because believe you me the American people will not long stand by and endure the situation that is rapidly worsening in this country.

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

Mr. SISK. I am happy to yield to the gentleman from Georgia.

Mr. BLACKBURN. I appreciate the gentleman's yielding. In light of the gentleman's comment about the lack of any alternative to be proposed by the minority, I wish to state at this juncture that in the committee, at the time we were presented with this legislation, we understood that we were going to be asked to vote out a simple extension of regulation Q, to which no possible alternative was necessary. Therefore, the minority side was not prepared to discuss this legislation because we had never seen it before. In fact, the legislation did not even have a number or sponsor when it was presented to the minority.

I thank the gentleman for yielding.

Mr. SISK. I thank my good friend, who himself made a good statement to our committee. I appreciate what he has said. All I am saying basically is that there were no alternatives discussed before the committee. I recognize the importance of an extension of regulation Q. I understand. As I said earlier, I am not defending anything that transpired in the committee. If I were a Republican, I would probably be as mad as heck—I will put it that way—but that is beside the point.

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

Mr. SISK. Mr. Speaker, I am happy to yield to the distinguished chairman of the Committee on Rules. I would like to say the gentleman is one of the leaders who has been calling attention for months and for years to the condition in which we now find ourselves.

Mr. COLMER. Mr. Speaker, I appreciate the gentleman's commendation. I was not seeking that.

I merely wanted to ask a question about the bill and the comments before the Rules Committee yesterday. The gentleman referred earlier to the fact that the Committee on Rules spent 4 hours yesterday, and there was great controversy about the bill and the necessity for anything beyond the extension of provision Q. There was testimony also that there were no hearings held on the bill itself, but there were hearings on some component parts of it back some years ago.

With this in mind and the controversy between the parties, the Rules Committee thought it wise to make in order the simple resolution for extending provision Q, which expires and which is therefore a matter of some urgency, and at the same time to give the House an opportunity to work its will.

In other words, what I am trying to say to my friend and to the House is that the Rules Committee, after listening to this discussion for 4 hours, decided in fairness that the House should have an opportunity to vote to extend the bill on provision Q for 60 days and an opportunity to make further study of the bill. In other words, the Rules Committee wanted to be perfectly fair about it.

Mr. SISK. Mr. Speaker, I thank my friend, the distinguished chairman of the Committee on Rules for his comment. This is, of course, exactly what we did. I might say, without any pride of authorship, that I moved the reporting of this bill and making in order of the substitute, because I do feel that this House in its own wisdom should make these decisions after having listened to a discussion of the subject.

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

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

Mr. GROSS. Mr. Speaker, I thank the gentleman from California for yielding.

Is it true, as someone has said on the floor this afternoon, that there is a provision in this bill that could require the gentleman from California, if he has $5,000 to lend to me, to take out a license before he could make such a loan?

Mr. SISK. If in the opinion of the President the situation and the crisis should become so great as to require the invocation of absolute ceilings and such procedures, he could require that. That is correct. The statement of the gentleman is correct, if the President chooses to do so.

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

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

Mr. CELLER. Mr. Speaker, did the Rules Committee consider the enormous power that is granted to the President under this bill, which is really taking a tremendous amount of power away from the Federal Reserve, when we say that the President shall have the power to control any—and the word "any" is used—form of credit or, in any nature or form whatsoever, to curb inflation?

Does the gentleman know of any bill which has given the President such enormous power, where we have the Federal Reserve Board which was set up for the purpose of controlling inflation?

Does the gentleman think the President should have that power?

Mr. SISK. Mr. Speaker, if I can briefly comment to my friend, the gentleman from New York, I am not aware that we have ever in the Congress given in this area this broad authority. Of course, the Congress has given, as the gentleman knows better than I do because he was here during many of those years, broad authority during World War II years and so on in connection with wage and price controls and regulations of our monetary system.

However, I would have to say, so far as I personally know, I know of no case myself when the Congress has given as broad authority as would be represented in this to direct the Federal Reserve in the handling of credits within the United States.

Mr. CELLER. Does the gentleman know whether or not the Banking and Currency Committee considered the effect and the nuances of this power granted to the President?

Mr. SISK. It is my understanding, from statements of the committee, that they have held over a period of time extensive hearings in which Mr. Martin of the Federal Reserve, the head of the FDIC and of other financial agencies, such as the Secretary of the Treasury, and so on, have been heard, and they have listened to statements on a whole variety of problems in connection with these matters. Since this particular bill was introduced there was no such hearing, as we understand it.

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

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

Mr. REUSS. May I have the attention of the distinguished chairman of the Judiciary Committee, the gentleman from New York. May I assure him that his fears, happily, are entirely unfounded, and that the sacred independence of the Federal Reserve is in no way impaired or touched by this bill. The gentleman from New York apparently read from a description of the bill. If he will refer to the language in the bill, as I do, section 205, pages 14 an 15, the authority is solely as follows:

> Whenever the President determines that such action is necessary or appropriate for the purpose of preventing or controlling inflation generated by the extension of credit in an excessive volume, the President may authorize the Board to regulate and control any or all extensions of credit.

Then it goes on to say:

> The Board may—
> The Board may—
> The Board may—

In no case is the Federal Reserve required to do that which the President may authorize it to do. Its independence is maintained, and the gentleman's fears are certainly without ground.

Mr. SISK. I thank the gentleman.

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

Mr. SISK. I yield to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. In view of the colloquy which has just taken place between the distinguished chairman of the Judiciary Committee and the gentleman now in the well I should like to report that in the hearings which were held yesterday the chairman of the committee himself referred to this provision of the bill as the "shotgun in the corner."

I know the gentleman from New York has long been interested in the subject of gun control. I would hope, as debate proceeds this afternoon, he would be interested in controlling that kind of unbridled discretion of power to be lodged in any President, be he Republican or Democrat.

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

Mr. SISK. I yield to the gentleman from New Jersey (Mr. WIDNALL), the

ranking minority member of the committee.

Mr. WIDNALL. I just take this time to try to clarify something for the gentleman from New York (Mr. CELLER). In answer to his question about hearings on the control section of this bill, there were no hearings on the bill at all. We had 7 minutes of discussion within the committee on this bill that encompasses so much.

On the control section, I want to emphasize, we had no testimony at all. It has far broader scope than anything that has ever been in force in our previous history.

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

Mr. SISK. I yield briefly to the gentleman from New York.

Mr. CELLER. I should like to ask the gentleman from New Jersey: Does he believe the use of the word "may" will cure this situation?

Mr. WIDNALL. No, I do not.

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

Mr. LATTA. Mr. Speaker, let me say at the outset, if the Members have not already gathered from the colloquy which has just taken place, this is no way to legislate. Certainly I believe the Rules Committee should shoulder some of the blame, because we had discussed many times in the Rules Committee that we were not going to consider such controversial legislation in the closing days of the session.

I was amazed, as a member of that committee, that we did, in fact, consider legislation of such magnitude in the closing days of this session.

Now, let us not be hoodwinked by the title of this legislation. Let us look at the title. No one can be against the title.

It says: "to lower interest rates and fight inflation"—who is against that? No one—"to help housing"—who is against that? No one—"small business, and unemployment, and for other purposes."

Well, now, we have to examine the "other purposes" in this bill to see what it really means. Certainly what it really means is that we are going to go further than we did during World War II in controlling credit, if I may correct a statement made by my colleague from California.

If you will look at the report on page 65, the bottom of the page, reads as follows:

> This is far broader credit control authority than has ever before been granted, not excepting World War II, when the Congress invoked only consumer and real estate credit controls in the field of credit. This goes even further than a scatter-gun approach—this is blindly pulling the trigger and swinging the barrel and the victim would be our whole economy, which means all of us.

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

Mr. LATTA. If the gentleman wants to correct his statement, I will be happy to yield to him.

Mr. SISK. I do not desire to correct the statement, but I did not mean to imply that this did not go further. The gentleman from New York asked a question, and I said as far as I knew it does not.

Mr. LATTA. I thank the gentleman.

I only wanted to correct the record so that it shows this legislation goes further than the legislation we had in World War II. Now I ask you, as responsible Members of this body, do we want to pass legislation of this magnitude in the closing days of this session, send it over to the other body, go into conference, and then try to pass it? I do not think we do.

Mr. CELLER. Mr. Speaker, will the gentleman yield briefly?

Mr. LATTA. I will be happy to yield.

Mr. CELLER. As I understand it, in the other body, when the bill was passed, sponsored by Senator PROXMIRE, it contained no such provision of the type that I adverted to, namely, the inordinate powers granted to the President. That was not in the Senate bill whatsoever.

Mr. LATTA. The gentleman is absolutely correct.

Mr. STANTON. Will the gentleman yield at that point?

Mr. LATTA. I yield to the gentleman.

Mr. STANTON. If I might have the attention of the gentleman from New York——

Mr. CELLER. Yes, sir.

Mr. STANTON. I was delighted to see that the gentleman from New York is familiar with the bill that the other body passed on this subject last month. He has mentioned it, and I believe he will find in the description of the committee report—and I will be glad to send a copy over to him if he does not have it—something that in my opinion showed they have logically handled the subject which is before us today. They extended regulation Q and in addition to that have taken care of the big problems that the Federal Reserve Board wanted in a couple of instances regarding the Eurodollar borrowing. And in addition to that they go into the subject of additional money for the home market by direct purchase from the Treasury. The gentleman will well spend his time if he can study the Senate-passed version of this particular legislation.

Mr. LATTA. Mr. Speaker, I would like to read from a copy of the letter which was sent to the members of the Committee on Banking and Currency on December 3 presumably from the chairman's office.

> Committee notice dated December 3, 1969.
> To all members of the House Banking and Currency Committee from Wright Patman, Chairman.
> Thursday, December 4, 3:30 p.m. The full committee will meet in executive session at 3:30 p.m. on Thursday, December 4, in Room 2128, Rayburn Building—
>
> Now get this—
>
> to consider Regulation Q legislation and related matters.

And, lo and behold, when the members get into this committee meeting they are handed this legislation to consider. Now, it is no wonder that the members on the minority broke a quorum, as alleged. Had I been a member of that committee, I would have done likewise. This is not the type legislation to which the chairman referred in his notice, unless he wants to stick it all under "related matters."

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

Mr. LATTA. No, I refuse to yield further until I complete my remarks. I will be happy to yield to the gentleman, however, if he wants to change this notice.

Mr. REUSS. That is what I had in mind.

Mr. LATTA. Would you like to see it?

Mr. REUSS. To complete the story of the notice, the gentleman should inform the House that prior to the time that notice was sent out all members of the committee, Republicans and Democrats alike, were sent a copy of the broad measure and invited to cosponsor it. So they had the provision before them and knew what it was. While I commend them upon their jogging ability in breaking a quorum, that does not detract from the fact that there was adequate notice.

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

Mr. LATTA. I yield to the gentleman from Tennessee.

Mr. BROCK. I think the record should be made clear that I for one—and I think I speak for most of the minority, if not all—received no such notice and no such request to cosponsor such legislation. As a matter of fact when the notice was sent out no bill had ever been introduced. When we went into the committee room the next day, there was not even a copy of the bill in front of us. There was simply a mimeographed copy of what they proposed to have in the bill. That is what the committee considered. Also, we have not had any hearings whatsoever on this legislation.

Mr. LATTA. Mr. Speaker, as a Member of this House let me say I think we have legislation before us today, which would impose strict credit controls on the entire country. If we are going to seek credit controls, we ought to say so in the title of the bill instead of trying to hide behind a glorified title, "to lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes."

Let me say that on yesterday I asked in the Rules Committee just how this legislation was going to pump money into the savings and loan institutions back home and into the banks. I need not tell you that the savings and loan institutions do not have any money to loan for housing nor do the banks.

If they do not have the money in the first place, what good is credit control going to do toward increasing housing? We are all interested in housing. But how is this legislation going to put money into our savings and loan institutions and the banks in the first place? No one seems to know.

Certainly, we need housing. We need money to loan. We need lower interest rates and so forth. But we also need some responsible legislating in this area in order to achieve our objections.

Today, if we are going to legislate, certainly the responsible place to start would be to pass a joint resolution as we have provided for in the rule to extend the rate control authority of Public Law 89–597. I think that is where we ought to start, without coming up with unprecedented credit controls as provided in this legislation.

Now, let me just read some of the

provisions of this bill that comes before you under this glorified title.

If you will turn to page 14, which we have already discussed in part, section 205, authority for institution of credit controls.

(a) Whenever the President determines that such action is necessary or appropriate for the purpose of preventing or controlling inflation generated by the extension of credit in an excessive volume, the President may authorize—

And there has been quite a play on the question of "may." The authority is there, whether it is "may" or "shall." No one disputes that fact—

the President may authorize the Board to regulate and control any or all extensions of credit.

My dear friends, that includes an extension of credit from your aunt Jane to you or from you to your aunt Jane.

Let me read further:

(b) The Board may, in administering this Act, utilize the services of the Federal Reserve banks and any other agencies, Federal or State, which are available and appropriate.

Then there is section 206, extent of control:

The Board, upon being authorized by the President under section 205 and for such period of time as he may determine, may by regulation—

(1) require transactions or persons or classes of either to be registered or licensed.

Now, that covers your Aunt Jane if she wants to loan any money. I do not think we want to do that. I do not know whether the committee really read this language line for line before they reported it out, or I do not think they would have left it in the bill. In our haste to adjourn, we must not fail to read these bills as the people back home are going to be covered by it.

Mr. BROWN of Michigan, Mr. Speaker, would the gentleman yield?

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

Mr. BROWN of Michigan. Mr. Speaker, would the gentleman agree that under the control authority which is included in this bill that controls could be imposed upon the housing industry, for instance, the home buying populace, which would practically cut off the activities of the housing industry?

Assuming an affirmative answer, I would suggest that when the housing industry indicated support for this bill, it had read only the title because certainly no one—no one in this House or any other body could oppose this legislation, or indeed touch it, if they did not read beyond the title for it is all motherhood.

Mr. LATTA. Mr. Speaker, let me go on a little further. Perhaps some of the Members have not had an opportunity to find out what is really in this bill. Extent of control on page 15, No. (2);

The Board may prescribe appropriate limitations, terms, and conditions for any such registration or license—

For making loans.

(3) provide for suspension of any such registration or license for violation of any provision thereof or of any regulation, rule, or order prescribed under this Act—

Now, that is broad authority.

(4) prescribe appropriate requirements as to the keeping of records and as to the form, contents, or substantive provisions of contracts, liens, or any relevant documents.

(5) prohibit solicitations by creditors which would encourage evasion or avoidance of the requirements of any regulation, license, or registration under this Act.

(6) prescribe the maximum amount of credit—

Maximum amount of credit—

which may be extended on, or in connection with, any loan, purchase, or other extension of credit.

My colleagues, do we really want this type legislation in America today, or any other day, where we can have some board telling the American people, the amount of credit which may be extended to them? I do not think we are ready for that in our free society. I do not know whether even the members of the committee want this, but it is in this bill. I continue:

(7) prescribe the maximum rate of interest—

Now, we have heard a lot of talk about a national usuary law, but here it is, page 16, item (7):

(7) prescribe the maximum rate of interest, maximum maturity, minimum periodic payment, maximum period between payment, maximum period between payments, the terms and conditions of any extension and any other specification or limitation of of credit—

I do not think they have left out a thing—

(8) prescribe the methods of determining purchase prices or market values or other bases for computing permissible extensions of credit or required downpayment.

They are going to tell you how much you have to put down. They are going to get into the market value and the purchase price, etc., in this legislation.

Yet, the innocent looking title says it is to: "To lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes."

But I do not read anything in that title about these controls—provisions.

Then item (9) says:

(9) prescribe special or different terms, conditions, or exemptions with respect to new or used goods, minimum original cash payments, temporary credits which are merely incidental to cash purchases, payment or deposits usable to liquidate credits, and other adjustments or special situations.

That concludes that all inclusive section 206 which is on pages 15 and 16 of the bill.

Mr. Speaker, I am certain that before this bill is passed in this body—and I have all the faith in the world that you will do this—that this legislation will be drastically amended so that the American people will not be saddled with these proposed controls.

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

Mr. LATTA. I yield to the gentleman.

Mr ANDERSON of Illinois. Mr. Speaker, I congratulate the gentleman on the very excellent statement that he has just made.

I think if there is one responsibility that the Committee on Rules of this House has, it is that in connection with the hearings it holds on legislation, it should try to determine whether or not it has had the kind of mature consideration in the legislative committee that would warrant sending it to the floor.

The gentleman has made the point and made it very well, that hearings were not held on this legislation. I would point out in that regard that in an effort to substitute for these hearings or to suggest why hearings were not held this report is very unique in that it goes back and quotes portions of hearings that were held almost three years ago on entirely unrelated matters. You have an excerpt from hearings on the extension of the defense production act. You have an excerpt from hearings dealing with H.R. 11601, the consumer credit protection act. Those are bills dealing with entirely different subject matters and not relating to this particular piece of legislation.

That certainly is no substitute for hearings on this bill, and I think the gentleman would agree for the kind of hearings we have a right to expect on legislation that is as important in its implications as this legislation is.

I would like to make a further point, if the gentleman will yield further, that there is not a single agency report, in this report from the committee. There is nothing from the Federal Reserve Board, there is nothing from the Federal Home Loan Bank Board, there is nothing from those two financial and regulatory agencies which would have to administer and to carry out the very farreaching provisions of this bill.

I think, therefore, that the hearings on this matter, which the gentleman referred to, were certainly most inadequate, indeed nonexistent.

Mr. LATTA. I could not agree more with the gentleman. I want to thank him for his contribution.

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

Mr. LATTA. I yield to the gentleman.

Mr. GROSS. I would like to join in commending the gentleman from Ohio for the lucid statement and alaysis of this bill that he has made.

Were it not for the use of this vehicle to extend regulation Q, I would think we would be doing a service, not only to the House of Representatives but to the country, to defeat this rule. But in view of the fact, apparently, that it is necessary to extend regulation Q in some manner, this may be the vehicle necessary to do that.

This is power that no President should seek. Apparently, the present President did not seek this power. This is power that no President should seek. This is power that any President should repudiate and refuse to use if granted to him.

Permit me to read from page 18 of this bill under title III, concerning the Small Business Administration Activity, these words:

In the event that insufficient appropriated funds are available to carry out the provisions of this section, request for the necessary funds shall be promptly made by the Small Business Administration and

cleared by all components of the executive branch having any functions with respect to such requests.

In other words, the request can be made, without regard to the Bureau of the Budget, for unlimited funds. We might just as well dispense with the Bureau of the Budget in connection with this agency.

I have no ax to grind with the Small Business Administration, but this is unconscionable language—this and the untrammeled delegations of power which the gentleman has read and discussed.

Mr. Speaker, I thank the gentleman for yielding.

Mr. LATTA. I thank the gentleman for his contribution. Let me say that the Rules Committee did take cognizance of the fact that we had to extend Regulation Q, and that is provided for in the rule. We have to have pass this rule so that we can extend Regulation Q.

Mr. SISK. Mr. Speaker, does the gentleman from Ohio desire to yield further time? I would like to conclude with a brief statement, and then I intend to move the previous question.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey.

Mr. WIDNALL. Mr. Speaker, I wish to compliment the gentleman from Ohio (Mr. LATTA) on his presentation to the House. I also wish to compliment the gentleman from California (Mr. SISK) for his very constructive statement at the beginning of the debate on the rule. We are in extremely critical times, and every Member of the House should be fully aware of what he is doing in voting on a bill such as the one the rule would make in order. It is extremely important. It would have very far-reaching consequences as far as the economy is concerned, and it demands the very best of our understanding. It did not have any time for consideration before the committee, which is rather shameful, in my opinion.

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

I wish to join my colleague, the gentleman from Illinois (Mr. ANDERSON) in his statement with reference to the duties, obligations, and responsibilities of the Rules Committee. We do have a responsibility to determine the handling of legislation and the question of whether or not adequate hearings have been held and so on. I generally have taken the position that unless these kinds of procedures have followed, we have a legitimate right to turn down a rule and send the bill back to the committee.

As I have said, I generally agree with the comments made by the gentleman from Illinois (Mr. ANDERSON). I do wish to say, however, that this legislation was brought to us as an emergency. I think we all recognize the essential nature of regulation Q. Without it, chaos would result. This is a vehicle. The Committee on Rules had to decide what was the best way to develop this situation, and it was our determination that we should bring the bill to the floor, permit the committee to present its side of the question, and give the House the opportunity then to determine whether or not they wish to get into this subject, whether or not we would proceed with an emergency extension of regulation Q, or to what extent we wish to preserve some of the new regulations and the new regulation that is included in this legislation.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15091, to lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes.

The SPEAKER pro tempore (Mr. VANIK). The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15091, with Mr. BOLAND in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the gentleman from Texas (Mr. PATMAN) will be recognized for 1 hour, and the gentleman from New Jersey (Mr. WIDNALL) will be recognized for 1 hour.

The Chair recognizes the gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Chairman, I consider this one of the most important bills that has been presented to the 91st Congress, 1st session. Six months ago the prime rate was raised automatically by one bank, by one of the Wall Street banks. It is generally true that a big bank in New York will raise the prime rate, and then all the other banks follow. It is true that we could not prove a conspiracy, that the bankers got together and had an unconversational understanding that they would follow on these increases made by the large bank, but that has been done in the last 50 years.

That raise on June 9 from 7.5 percent to 8.5 percent in the prime rate was not needed, was not necessary and was not justified, and, whether intended or not, it amounted to picking the pockets of the American people for an additional $15 billion a year—just that one raise. It means that the 55 million families in the United States, the people we are really working for and I hope not against, will have each family to pay several hundred dollars this year extra, in addition to their interest rates and taxes, just to make that additional $15 billion payment this year.

The way to arrive at that is to consider that there is a public and private debt in this Nation equal to more than $1.51 trillion, and 1 percent of that amount is $15 billion.

The rate was raised on June 5 of this year. Since that time our country has been in jeopardy. Our whole homebuilding industry is virtually at a dead standstill. Nothing has been done except in the opposite direction for construction of homes. People have had a terrible time trying to get credit.

Remember, 8.5 percent is not the rate we would get if we were to ask for a loan. That is the rate the best borrowers get, such as General Motors, the Rockefellers, the Mellons, and the Fords. Only people like that would get the 8.5 percent. Other people who go in and ask for a loan from the same New York bankers, would hear them say: "We will let you have the 8.5 percent, just like the prime rate, but you will have to keep on deposit here a minimum of 20 percent of the money you borrow, which we will get the free use of."

That means the banks will get 10.20 percent instead of 8.5 percent.

It has become the traditional practice, if there is a project like an apartment house that one wants to build, for the bankers to say: "You will have to sweeten this up some. In addition to the 10.20 percent interest, we will want to get part of the action, part of the equity. We notice you will get something every year for 20 years. We want half of that and some other things."

That has absolutely stopped commerce in many areas of our country. The burden imposed upon those who would borrow is entirely too much and too onerous.

Our distinguished friends on the minority side have not said anything about it. I have not heard a single one of them say that that rate ought to be rolled back or that the rate should be reduced. There has been no clamor for better, lower intesert rates. I have not heard a single one. Perhaps I just was not here. At least, no campaign has been carried on.

All during that time it was becoming more and more impossible for the people who would be home owners to get a fair loan at a reasonable rate of interest for the purpose of constructing a home for themselves and their families. I refer to persons receiving $13,000 a year or less, during that 6-month period from the time interest rates went up to that rate which is against conscience, really. It has become worse all the time.

We can say that the clothing we buy is inflationary. Suppose it is. There are certain things one must have to exist. Whether it is inflationary or not, we can offset it in some other way.

May I invite attention to the fact that housing is important to a family, just as food and clothing are. It is just as necessary. There must be a proper environment to rear the children. Of course that is a necessity which is just as important as food and clothing. One must have adequate housing, adequate shelter.

This bill we are considering today is for housing. Today, in the present market, those who are rich and affluent are getting their houses constructed. They have no trouble. They have plenty of money. They can pay the prices for the $50,000, $75,000 and $100,000 houses being built now. There is no letup in that type of construction.

But what about the person who receives $13,000 or less today in salary? He cannot even qualify for a construction loan or a housing loan. He is out of the market.

How long are we going to permit this to happen? Are we in favor of equality? Are we against discrimination against classes and groups? There is a definite discrimination against the poor and the low-income groups in our policies today on interest rates and the construction of homes.

Whether we intend it that way or not—and certainly many of us did not intend it that way—we are permitting the affluent, the very rich, to have all the housing that they want, with no restrictions as to materials, labor, or professional services at all. But there is a discrimination against the little people, the worst type of discrimination. It is made impossible for them to get a loan from their Government or from anyone connected with the Government that would enable them to buy a home.

I am not talking about the affluent types, with homes of $50,000, $75,000, $100,000 or more, but just about the types who want homes of $15,000 or $13,500, something to house the little family in this country.

I believe it is necessary that we meet that obligation and that price. We still have a bill here.

We had several bills that we were considering. The first bill was H.R. 13937, which was introduced on this regulation Q, right after the President sent up a message in August that he would like to have it extended. We had a hearing on that bill.

Of all the fallacious arguments I have ever heard on the floor of the House, it is about the committee not having had any hearings on this bill and only 7 minutes of discussion. It is absolutely fallacious, absolutely wrong, absolutely untrue.

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

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

Mr. BARRETT. Mr. Chairman, I want to point out in the light of the recent statement relative to the fact that there have not been hearings on this bill, that on October 20 and 21 of 1969 there were hearings held on both days to extend for 1 year the authority for more flexible regulation at minimum rates of interest or dividends, higher reserve requirements, and open market operations in agency issues. Certainly we have had adequate hearings on this. Many other times we have had hearings on other sections of the bill.

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

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

Mr. PATMAN. I cannot yield right now. I will state to the distinguished gentleman from New York I know the questions you want to raise, but I am not ready to answer them now. I will yield to you when I am through. I hope that the gentleman will accept that, but I refuse to yield at this time.

Now, then, we not only had hearings on every part of this bill, but we had comprehensive hearings, although it was on different bills, but we did exactly what is traditional in the Congress of the United States for a committee to do. They have one bill with a lot of different amendments to it. The way to get it considered intelligently is just to present one clean bill. That is what it is called. There is a definite name for it—a clean bill. You take what the committee agreed on and you put it into a bill. They have already had hearings on it and have already agreed to it. And you put it into a clean bill and introduce it not for the purpose necessarily of holding hearings, no, but for the purpose of considering what the committee has agreed to in the past. That is exactly what we did here.

Then we sent a copy of the bill to each Member of the House, to Republicans and Democrats on the committee, and asked each one if they would like to be a cosponsor of this bill. That was days before we met to consider the bill. We met to consider the bill on December 4. Then when our Republican friends, although they had not been cosponsors and also 20 of our 21 Democrats were cosponsors—when our Republican friends began to realize that we were seriously going to consider that bill, they deliberately broke a quorum. They absolutely got up and walked out of the building. They made it impossible to give further consideration to it. Not only that, but we called other meetings. We have had an awfully hard time getting consideration of this. Do you know why? It is because of the high-interest crowd that likes to see big money made out of little people. They object to it. They do not like it a bit. They do not use arguments based on logic and reason to try to defeat it, but they use excuses—excuses—this excuse and that excuse. There is no reason used, but they use procedure. They just cannot take the procedure. They do not like that.

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

Mr. PATMAN. I respectfully suggest to the gentleman that he wait until I get through. You gentlemen have had a field day here today, and I did not say a word. You went ahead and had your say. Now give me a chance.

So on December 4 we had that hearing and the minority deliberately counted the number and counted the number necessary to break up the committee and deliberately walked out of the committee room. I saw you walk out. You do not deny it. You did it for the purpose of breaking a quorum and making it impossible for us to consider a bill that would give adequate housing to the people of the United States and to lower interest rates and deter inflation. That was not a good move on the part of the minority. Not at all. I will state that it is not traditional with them. They do not do that often. In fact, that is the most deliberate thing I have ever seen happen in the committee. But it was unnecessary at that time. They could have stayed there and said, "We are in favor of housing and here is our plan. We have a plan for housing; we have a plan for lower interest rates; we want that considered too." And, it would have been considered. But you did not say a word about it. You did not say anything about any plan for more housing, you did not say anything about any plan for lower interest rates and you did not say anything about a plan to stop or deter inflation. You were just against what was proposed.

Now, I do not think that is any compliment to a Member of Congress and certainly not to a great political party to never offer any remedy. You know there are wrongs in this country. The wrongs are that the people are being absolutely held up on interest rates. They are being charged interest rates that are against the conscience, absolutely against the conscience. They are even closing up schools in this country because they cannot pay the high interest rates. We ought to be progressive. They are destroying the public free school system. The public free school system will not survive if your philosophy prevails in this country. You never offer anything for more housing; you never offer anything to help education; you never offer anything to lower interest rates. That kind of philosophy is bad.

Now, I have served in this Congress for a long period of time. I have had very fine relationships with every Member of this body. I suspect that I have served with at least 3,000 or 3,500 Members of Congress. Out of that number, of course, about one-half of them, I assume, were members of the other party. I will have to confess that I have never known a member of either party, Democrat or Republican, that I did not personally and individually like. I never hated any one of them and certainly I did not hate any member of the Republican Party, because I knew they came here with the same responsibilities I had and that is to represent my constituents properly and adequately and do the best I could to make sure that they were properly represented.

However, during the last few years in this country a lot of selfishness and greed are coming to the front. There is just a different—I would not say breed of cats, breed of dogs, or breed of human beings because I do not want to low rate myself that much, but I would just say there are different people coming to the front. Some of them have more of the propensity of Ebenezer Scrooge than certainly they do for the people generally. They come out here openly and blatantly in broad open daylight and oppose a housing bill that will fully meet the housing need without any doubt. This bill will give you housing dollars, a minimum of $6 billion, and you can get the money now and go to work. You can get the country off dead center.

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

Mr. PATMAN. The gentleman talked and I sat there and listened. You sit and listen while I talk.

Mr. WIDNALL. Will the gentleman yield for a question?

Mr. PATMAN. No, I will not yield.

There is $6 billion which would be made available in this bill if enacted as introduced. Why should you object to that without offering some reason or an alternative? You have had 6 months since the interest rate was raised against all conscience to 8½ percent. It is just a robbery rate. That is all it is. You have had 6 months and you have not presented a program for any housing for low- and moderate-income groups. You have not offered any plan for lowering interest rates although the Secretary of the Treasury said they would come down soon—it would not be long before interest rates would go down he said. It has been 6 months and instead of going down they have been going up ever since.

So, in this body or in Congress or any other organization there are two types of groups. There is one group which you might consider a construction group, a working group, trying to take care of the people and they are working deliberately and hard trying to do something in the way of formulating programs that will solve some of the serious problems for the people of this country.

If that group is working, trying to do something, why should they be deterred just by talking about procedure, and excuses? If they are going to be deterred they ought to be deterred by a group on the other side that has something to offer, and say this is my plan. We will be glad to consider the plan, but they do not have any plans, and that is what you might call the wrecking crew.

Now, in Congress you can be on the construction gang, or you can be on the wrecking crew.

I submit that on this bill we are a construction gang, we are trying to help the people, we are trying to find housing, lower interest rates, stop inflation, and to do the many other useful things that will help solve the problems that are now present that should be solved in the interest of those 55 million families that compose this country.

When we do things to help these 55 million families we are helping American, we are doing our duty, we are doing the right thing, but when we are doing things that are harmful to those things, make them pay extortionate interest rates, usurous interest rates, not give them a home to live in, not giving the people a home to live in, not making it possible for them to borrow money at reasonable rates of interest to build for themselves and their families a home, which is just as necessary as food and clothing, then we are not doing our duty.

So if there is a wrecking crew around, and just using excuses on procedures and things like that without going to the basic issue, why, I think that this House should overlook all that, blow it away, blow it aside, and think about the main issue. The main issue here is to do what is best for the United States of America, and the 55 million families that compose it. And that is what we are doing here today.

Now, what are we doing on this? Making the Federal Reserve System put up $6 billion in the buying of housing paper to let people get this money at a low rate of interest, at a rate that the Federal Reserve Board discounts, at a rate which would not be over 6 percent—that would be rolling interest rates back 2.5 percent, at least, and then that money can be used for that good purpose of building homes. It will go right into the housing market, it will not go any other place, not a dollar of it. The people who are getting this money would be taken care of if they were to fail to use that money for the purposes intended, to build homes with it, so that the money will go there.

Now, why should we not do that? The Federal Reserve is an instrumentality of the Government. Nobody questions that. If they do they are wrong, because it is, and it has been testified too many times. Why should not an instrumentality of the Government that is doing business principally with the big banks of the country that have been refusing to permit money to be used for housing loans, they have not done that, they have not permitted it to be used, but they have been using money, the same money that they could use for housing, they have been borrowing it to be used to buy out interest on gambling operations like Resort International. That is a big concern domiciled in the Bahamas, it operates all over the world. Some of this money has been used to buy up at one time 750,000 shares of stock which was in that great international banking institution that could have gone into housing, but it did not.

That money could be used to help these families. I have not heard the people who are fighting this little man's housing bill, as you might call it, to help little people and small businesses, I have not heard those people talk about that at all. It has been in the newspapers on the front page all over the Nation, but I have not heard the people who are opposing this home bill say a word against it.

Furthermore, you take speculation, there are all kinds of speculation where hundreds of billions of dollars is used a year through loans, most of them big banker loans.

Of course, that can be used for housing or some of it can be used for housing—but not any of it has been permitted to be used for housing.

Then there are the conglomerates and the mergers of big business that are just squeezing out the little fellows and they are using the money for that. They could use the money for housing, but they do not permit it to be used for that purpose.

Then there is all kinds of money used for inflationary plant expansion, but none of it is for housing—they do not have it for that.

Then as to the stock market—they have plenty of money—but none of it for housing.

They have lots of money for the high-interest loan companies like loan sharks. They have plenty of money for them, but no money for housing—none—and none is proposed.

Then there are things like luxury loans having to do with world travel and the expansion of that all over the world. There is lots of money for that, but no money for housing, for the little family, for the people who build this country in time of peace and who save it in time of war. There is no money for them—they only do the work during peacetime and they only go to the front and save our country in time of war, but they do not get any of these benefits. They do not even get a fair and square deal. They are discriminated against all the way through.

Therefore, my friends, I would remind you that there are a lot of things going on here that do not come to the surface—and there is all this talk just talking about the procedure and talking about the excuses and excuses and not getting down to the basic issue. Why do you not offer something? Why do you not try to stop these high interest rates? Why do you not try to get adequate money for housing?

I will tell you why you cannot get some money for housing.

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

Mr. PATMAN. Not at this point, I just have to ask you to wait.

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

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

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

[Roll No. 330]

Abbitt	Foley	Ottinger
Andrews, Ala.	Gubser	Pelly
Ashley	Hall	Powell
Baring	Hanna	Railsback
Bolling	Hébert	Rivers
Clark	Hicks	Scheuer
Conyers	Kirwan	Smith, Calif.
Corbett	Lennon	Steed
Cunningham	Lipscomb	Tunney
Davis, Ga.	McCarthy	Weicker
Dawson	McCloskey	Whalley
Dwyer	Martin	Wilson,
Edwards, Calif.	Mikva	Charles H.
Evins, Tenn.	Murphy, N.Y.	
Fascell	O'Hara	

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. BOLAND, 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. 15091, and finding itself without a quorum, he had directed the roll to be called, when 391 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. When the Committee rose; the gentleman from Texas (Mr. PATMAN) had consumed 26 minutes.

The Chair recognizes the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I shall conclude very soon.

I would like to call your attention to one thing that has kept housing paper from selling—the interest not being sufficient—up to 8 percent and 9 percent. The truth is and it is important for every Member to know if he does not already know it, interest rates do not

affect corporations in this country. They can pay 15 percent if they want to—or 20 percent. I have known people to go into a large bank and want a considerable loan for a small business. The official would ask him if he is an individual and he would say, "Yes," and the official would say, "Well, we cannot do business with you that way, but we can incorporate you if you sign these papers, then we can charge you a realistic rate."

That means any rate, if a corporation pays 20 percent, then they get a tax deduction on that and it means they have only paid an effective rate of 10 percent. If they pay 15 percent, it means they only pay an effective rate of 7.5 percent.

So that is the reason you cannot get money for housing, because these corporations are using it. They do not mind paying it because they get a tax deduction on it.

Now then, I have a letter, and you have one on your desk today from a very knowledgeable and sophisticated and public spirited group, the National Association of Home Builders. They endorse this bill 100 percent and they ask the Members of the House to vote for it.

This is what they say:

NATIONAL ASSOCIATION
OF HOME BUILDERS,
Washington, D.C., December 16, 1969.

DEAR CONGRESSMAN: You have immediately before you an excellent opportunity to help remedy the severe crisis in which the housing industry now finds itself. H.R. 15091, which will be on the floor tomorrow, provides this opportunity.

On behalf of this industry, which has suffered 90% of the effects of the present fight against inflation, I urge your affirmative vote for H.R. 15091. I also urge your affirmative vote for restoring Sections 2 and 3 to the bill which were deleted by the Banking and Currency Committee.

This bill, especially with Sections 2 and 3 restored, will go a long way toward providing the Administration with the means of relieving the unprecedented shortage of long term mortgage money now confronting the Nation. This shortage, and the extremely high interest rates that accompany it, must be corrected if this Nation is to supply decent housing its citizens so urgently need and if we are to meet the housing goals established by the Congress in the 1968 Housing Act.

H.R. 15091 will help correct the imbalance of capital available for housing by continuing the authority of the Federal Reserve Board and other Federal financial regulatory agencies to set the maximum interest rates which may be paid on savings accounts; enabling the Federal Reserve to regulate borrowings by banks in the commercial paper market as well as the Eurodollar market; and empowering the Federal Home Loan Banks to provide a secondary market for conventional mortgages.

Most important, however, is section 2 of H.R. 15091, struck by the Committee, which would better enable the Federal Reserve System to support the obligations of such key housing oriented agencies as the Federal National Mortgage Association and the Federal Home Loan Bank Board. Section 2 would express the sense of Congress that the Federal Reserve support the obligations of these agencies when it is nceessary to assist the Nation in meeting the housing goals established by the Congress in 1968.

Again, I must emphasize strongly how urgent your support for H.R. 15091 is to meeting the housing needs of our Nation.

LOUIS R. BARBA,
First Vice President and Acting President.

I also have a telegram here from the labor organization—the AFL–CIO—which strongly endorses this bill.

It reads as follows:

AFL–CIO,
Washington, D.C., December 17, 1969.

Hon. WRIGHT PATMAN,
House Banking and Currency Committee, Washington, D.C.:

The AFL–CIO strongly endorses H.R. 15091 as introduced and urges its adoption and adoption of amendments to be offered that would include directives to the Federal Reserve to assist the Nation in meeting the housing goals of the 1968 Housing Act. We support the bill's provisions as introduced that would direct the Federal Reserve to purchase $6 billion in housing notes. Only by such specific action can Congress reverse the disastrous downward spiral in housing construction and aid the critical shelter needs of millions of Americans.

ANDREW J. BIEMILLER,
Director, Department of Legislation.

Mr. Chairman, at this time I will yield to the gentleman from New York (Mr. CELLER).

Mr. CELLER. I want to say to the gentleman that the attempt on the part of you as chairman and your colleagues on the committee to control Eurodollars and the issuance of commercial paper in the interest of deflation is indeed commendable. I would like, however, to get a bit of clarification, if I may. As I understand it, when the Federal Reserve Board issued so-called regulation Q, there was some doubt about whether they could issue those regulations controlling the commercial paper issued by banks, bank holding companies, and affiliates of banks. Do I correctly understand that section 6 of title I would give the Federal Reserve such authority?

Mr. PATMAN. That is the purpose of it, and it is supported by the Federal Reserve.

Mr. CELLER. Second, as I understand, there was $30 billion of commercial paper issued during the year 1969 up to date. This was quite inflationary. There was $3 billion of that issued by bank and bank holding companies, and $27 billion was issued by nonbanks——

Mr. PATMAN. That is correct.

Mr. CELLER. And nonbank holding companies. Where is the authority in this bill to control the issuance of that type of commercial paper by the Federal Reserve or some other authority? Where in this bill is that authority to control?

Mr. PATMAN. I do not have the bill before me, but the gentleman from Wisconsin (Mr. REUSS) has it, and I will yield to him to respond to the gentleman.

Mr. REUSS. That authority, I will say to the chairman of the Judiciary Committee, is contained in title II.

Mr. CELLER. The standby authority?

Mr. REUSS. That is correct. It would require, of course, that the President authorize it and that the Fed, in the exercise of its independent judgment, would go along.

Mr. CELLER. That goes back to my original thought. Since you gave the authority over the banks for the issuance of commercial paper and the affiliates of banks for the issuance of commercial paper, why did you not give the same authority to the Federal Reserve to control the issuance of commercial paper by nonbanks, such as the Commercial Investment Trust, Walter Heller & Co., and organizations like that? You have given "standby authority" to do this? It involves in my humble opinion stupendous, inordinate power to the President over our economy. I question such vast grant of power.

Mr. REUSS. The authority given in section 6 is also just standby authority.

Mr. PATMAN. May I say to the gentleman that I think when we reach that point in the bill, suppose you ask for recognition and we will bring that out. We intend to show that the provision covers that point, and if it does not cover it, we will offer an amendment to cover it.

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

Mr. PATMAN. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. I thank the gentleman for yielding. The gentleman has spoken at length about provisions in the bill which will make it mandatory for the Federal Reserve, through the Federal Open Market Committee, to purchase within a 12-month period $6 billion worth of mortgage credit paper held by the Federal home loan banks, the Farmers Home Administration, and the Federal National Mortgage Association. The gentleman has said that there is no opposition to this. Looking at a copy of the bill, I find the committee struck this language. If there is no opposition, how, except by a majority of the committee, could this language have been removed from the committee bill?

Mr. PATMAN. All right. There are 14 Democrats and 14 Republicans, and five Democrats voted with the 14 Republicans.

Mr. WAGGONNER. In other words, 19 members voted to exclude and 14 to keep?

Mr. PATMAN. That is correct, but on passage of the bill 20 members voted for it.

Mr. WAGGONNER. But this language was not in the bill which passed the committee?

Mr. PATMAN. That is correct.

Mr. WAGGONNER. Let me ask the gentleman a question or two on this subject. I would like to have concise answers to these questions because this is important. The gentleman has talked about the problems of inflation in this country and high interest rates. I am as concerned about it as the gentleman from Texas is. I want to build homes as much as anyone. I do not want to feed the fires of inflation.

Mr. PATMAN. I realize that.

Mr. WAGGONNER. Would you tell me where if the $6 billion in this language is reinserted by rejecting the committee amendment this $6 billion to purchase mortgages for homes previously built—where this money is going to come from?

Mr. PATMAN. It will come from the Federal Reserve open market operations.

That will be at 6 percent. That is the New York discount rate. That will be 6 percent. That is lowering the interest rates by 2.5 percent to 6 percent. We can definitely say if we vote for this bill that we voted for $6 billion in housing money and at 6 percent, which is 2.5-percent less.

Mr. WAGGONNER. I understand 6 percent is the present discount rate to the member banks in the Federal Reserve System.

Mr. PATMAN. That is correct.

Mr. WAGGONNER. But answer me this question. Does the Federal Reserve System have on hand and available for use within this 12-month specified period $6 billion to purchase this paper?

Mr. PATMAN. Yes, sir; it has the power.

Mr. WAGGONNER. That is not what I asked. I asked: Do they have this money available? I know they have the power to create money.

Mr. PATMAN. They do not have any stack of money, a pile of money.

Mr. WAGGONNER. Will it be necessary for them to create it?

Mr. PATMAN. They have it just as they do when they increase the money supply through open market operations.

Mr. WAGGONNER. Answer the question: Will it be necessary for the Federal Reserve to purchase $6 billion for this sort of paper, will it be necessary for them to create $6 billion of additional money?

Mr. PATMAN. That is the power of the Federal Reserve.

Mr. WAGGONNER. Will it be necessary? I know they have the authority.

Mr. PATMAN. They can buy $650 billion worth of money, if they want to.

Mr. WAGGONNER. I ask the gentleman, if he will not answer me, if he will yield to some other member of the committee to answer me.

Mr. PATMAN. No; not until we get to the other side.

Mr. WAGGONNER. Then the gentleman will not answer whether they will have to create it.

Mr. PATMAN. Yes, sir.

Mr. WAGGONNER. They will have to create it? In other words start the printing presses rolling.

Mr. PATMAN. They never have the money. They get the Bureau of Engraving and Printing bills, like the gentleman has in his pocket, to pay it if they have to.

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

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

Mr. COLMER. Mr. Chairman, the gentleman from Louisiana asked about where the money was coming from for that provision. There is a section here that disturbs me very much, but I would like to ask the gentleman about it.

Mr. PATMAN. I would be glad to have the gentleman ask it.

Mr. COLMER. Mr. Chairman, where will this money come from? At the bottom of page 18, talking about the Small Business Administration activity, this is what I want to comment on. It says:

> In the event that insufficient appropriated funds are available to carry out the provisions of this section, request for the necessary funds shall be promptly made by the Small Business Administration and cleared by all components of the executive branch having any functions with respect to such requests.

What does that mean?

Mr. PATMAN. I can explain that. The Congress has been generous with the Small Business Administration. All Members on both sides have supported the Small Business Administration, and we made possible $140 million this year, and they have not got the use of it. So we are putting $70 million, we have appropriated and made available $70 million of the $140 million now, because they need it now.

Mr. COLMER. Mr. Chairman, if the gentleman will pardon me, yes, he provides for that $70 million here.

Mr. PATMAN. Yes, sir.

Mr. COLMER. I think we are all in accord that we are all for the Small Business Administration. I think the gentleman has done a great job. But the gentleman does not stop there. He says if that is insufficient, then they can go ahead and carry out the provisions of this additional funding. Where do they get it? That is what I want to know.

Mr. PATMAN. If the gentleman will pardon me, I will use more time than I should, but I will yield to the gentleman from Texas (Mr. WRIGHT) and to the gentleman from Wisconsin (Mr. REUSS); and the gentleman from Wisconsin (Mr. REUSS) will answer this question. Will that be satisfactory?

Mr. REUSS. Mr. Chairman, it will be satisfactory with me, and I hope the gentleman will wait.

Mr. PATMAN. Mr. Chairman, we will do it that way, because time is of the essence.

Mr. COLMER. It is all time, whether it is the gentleman's or that of the gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, if the chairman of the committee would be kind enough to take out of my future time 1 minute, I am sure we can answer the gentleman from Mississippi now.

Mr. PATMAN. I yield to the gentleman.

Mr. REUSS. Mr. Chairman, I understand the question of the gentleman from Mississippi. It is a good question, and there is a good answer to it. The answer is that it will not be necessary to appropriate any additional funds because there is now already appropriated, in the business loan and investment revolving fund of the Small Business Administration, $140 million.

The best evidence of that is just a few weeks ago they removed some $15 million from that fund without batting an eyelash. We are saying, "Take $70 million to help out small business in this country."

Mr. COLMER. And they are going to get this $70 million from the revolving fund?

Mr. REUSS. Exactly, sir.

Mr. COLMER. All right. You provide for that.

I do not understand this language that you are going to request additional funds and these administrative offices have to deliver them. That raises a second question, if I may ask it, in the interest of time.

It would seem to me that this is getting into a question of the division of power here, when you order the executive department to do something, when the Congress directs him to do it, not authorized but directed.

Mr. REUSS. Not really, I say to the distinguished chairman of the Rules Committee, because the Small Business Administration has within the past few weeks shown that it is adept and skillful in taking from that fund. We simply say, "More of the same."

Mr. PATMAN. I cannot take more time. I will have to ask that the Members do what I requested before, because I do not wish to use an hour of the time.

I yield now to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. I thank the gentleman for yielding. I should like to commend the gentleman from Texas, the chairman of this great committee, and the members of the committee, for having brought this bill to us. Too long have we neglected our responsibility to begin a rollback of these disastrously high interest rates which are terribly hurting the economy of the United States.

I commend the committee for bringing this bill to us today. If we should fail to pass it the House would be acquiescing in the raising of interest rates to the highest levels we have ever had.

Mr. Chairman, I rise in support of this bill. The hard money policy of deliberate high interest rates is a disastrous policy, and clearly congressional initiatives are needed to reverse it.

The purpose of the bill is to make housing and necessary credit available to Americans at other than prohibitive costs.

Interest rates are at their highest level in the history of the Nation. They have risen at an astronomical and unprecedented rate in the past 12 months. They have had absolutely no measurable effect for their intended purpose of lowering prices. In fact, it seems clear that higher prices have resulted from this ill-conceived and misguided policy.

The depression in the housing industry which has come about as a result of high interest rates is only one facet of the economically depressive effects of this policy.

Cities and municipal governmental units throughout the Nation are finding it increasingly more difficult to sell municipal bonds for necessary improvements. Where it is possible to sell bonds at all, the interest rates are so exorbitant that citizens of every such town will necessarily have to pay many, many millions of dollars in extra taxes simply in order to pay the extra interest on the bonds.

Unless the escalation in interest charges is halted and reversed, we may have a crisis in urban America due to the inability of the homebuilding industry to provide the necessary housing and the inability of the cities to provide necessary municipal services. All of this has come upon us a direct result of this deliberately restrictive policy.

It can be very clearly established from the record of the past 25 years that high interest rates have never halted inflation except in those cases where they brought about severe recession and painful unemployment.

If inflationary dangers warrant, it would be far better for the President to establish some wage-price guidelines, or for the Congress to approve credit restrictions which would require a minimum downpayment on all major purchases, than to continue in the ill-begotten policy of artificially contrived high interest rates.

It is time for Congress to take whatever action it can to reverse this trend, and this bill should be one step in that direction.

Mr. PATMAN. I thank the gentleman.

Mr. Chairman, H.R. 15091 is a bill to lower interest rates and fight inflation, to help housing, small business, and employment.

This bill gives the 91st Congress—in the closing days of this first session—an opportunity to take the leadership in providing the American public relief from the twin burdens of inflation and high interest rates as well as substantially assist residential housing.

Mr. Chairman, the House of Representatives has a responsibility to act on these economic issues. It cannot shirk its duty and pass the buck to someone else. The issue is before us.

I hope that this bill is not blocked, weakened, or defeated out of partisanship or out of pure timidity. Let me be frank. Many of our Republican colleagues—and I do not mean this in any personal way—have been dragging their feet, using every tactic in the book to prevent a House vote on this issue. They have walked out of committee meetings to break quorums, they have objected to the committee sitting while the House was in session, and they have failed to show up for key meetings on the bill. They sought to block the bill in the Rules Committee.

Despite these tactics, H.R. 15091 has reached the floor. And now I hope our Republican friends will drop partisanship and join us in this fight against inflation and for more housing and a better opportunity for the small businessman. The economic problems besetting the average American are not partisan and I ask for support from both sides of the aisle on this vital piece of legislation.

I do not know whether the Republican obstruction has been prompted from the White House. I hope this is not the case.

Many of us on the Banking and Currency Committee regret greatly that the administration has not come forward with a specific program to combat these high interest rates, and to put the housing industry back on its feet. But it has not and we offer H.R. 15091 as an anti-inflation, anti-high-interest-rate package.

This Congress—if it values its political future and its good reputation—cannot afford to twiddle its thumbs while it waits for the Secretary of the Treasury to decide if and why he should oppose high interest rates. We cannot go back to our home districts and tell the people we did nothing about interest rates, nothing about inflation, and nothing about housing because the President did not ask us to. The people expect us to stand up and act on our own as Members of the U.S. House of Representatives.

During this debate, the opponents of this anti-inflation bill will claim that this legislation came as a great surprise, without hearings—out of the blue.

This will be the purest form of unadulterated hogwash ever tossed out on the floor of the House.

If the provisions and intent of this bill are a surprise to anyone on the Banking and Currency Committee then they have not been attending committee meetings and they have not been listening to the witnesses.

Relief for the housing industry is a major part of this bill and it is inconceivable that any member of the committee would claim that the Banking and Currency Committee and its subcommittees have not explored the housing question from A to Z. There are reams of testimony from every expert in the land on the need for more mortgage credit.

Surely we do not need more hearings to prove that the housing industry is flat on its back and that we need an immediate injection of mortgage credit. We do not need more hearings; we need action.

It is true that H.R. 15091 was introduced as a clean bill after hearings on H.R. 13939, the original bill. The introduction of a clean bill is a normal procedure pursued by most committees of the House to simplify and expedite the consideration of major bills.

But the basic point is that the committee has considered in one form or another all of the subject matter contained in H.R. 15091. Much controversy is being generated about title II which would give the President standby authority to impose controls over excessive use of credit.

As I hope the opponents of this legislation recall, the question of standby credit controls was discussed at length during the investigation of the banks' prime rate increase last June. This was discussed with William McChesney Martin, Chairman of the Federal Reserve Board, and at that time he stated in reply to a question put by the gentlewoman from Missouri (Mrs. SULLIVAN):

> Mr. MARTIN. Mrs. Sullivan, as I testified some time ago, I think it would have been desirable or would be desirable for us to have this authority on a standby basis. We have to weigh all the other factors when we initiate it. As you know, regulation W was taken away from us, and we have advocated on a number of occasions that we have the standby authority, and it has been denied us, so we have no authority to operate there. I think in a period like this, it would be very desirable for us to have standby authority.

The bill would provide discretionary authority to the President of the United States to authorize the Federal Reserve to control extensions of credit, both business and consumer credit. This will enable, if the President desires, specific attacks on inflationary areas and thus make unnecessary the present across-the-board supertight money which has created such havoc in the housing market.

This section of the bill would empower the Federal Reserve, on request of the President, to prescribe the maximum rates of interest, the maximum maturity, the minimum periodic payments, the down payments, and other terms of credit transactions. The President would be empowered to call for these controls "for the purpose of preventing or controlling inflation generated by the extension of credit in an excessive volume."

Mr. Speaker, the President of the United States—as well as the Vice President—has said much about inflation and the need to control it. Through this bill, the Congress of the United States is giving him an important tool by which he may place his words into action.

Mr. Chairman, the bill also provides—

First. For Federal Home Loan Banks to establish a secondary market operation for conventional mortgages. This section was wholeheartedly endorsed in a press conference called yesterday by Mr. Preston Martin, President Nixon's newly appointed Chairman of the Federal Home Loan Bank Board. This also has the full endorsement of the National Association of Home Builders, and the savings and loan industry. In fact, Mr. Chairman, I do not know where the opposition is on this.

Second. The imposition of reserve requirements and other controls over commercial paper and Eurodollar borrowing by commercial banks, thus calming down the inflationary boom in unnecessary bank lending.

Third. Liberalizing mortgage lending restrictions for national banks by increasing conventional loan limits from the now maximum 25-year maturity to 30 years and allow loans up to 90 percent of the appraised property value. Present law limits bank loans to 80 percent of value.

Fourth. For an increase in FDIC and FSLIC bank and savings and loan association insurance from the existing $15,000 to $25,000, thus encouraging deposits which can be used to make loans for housing and other necessary purposes.

Fifth. That the Small Business Administration shall be directed to make available $70 million to small business investment companies—SBIC's. Despite a congressional mandate to SBA to lend money to small business investment companies so that they may in turn invest in small businesses, the administration has refused to lend one penny, despite a $140 million revolving fund which they admit they could use by a stroke of the pen. The bill would cure this by requiring the SBA to release at least $70 million to the SBIC's.

Sixth. For the revision of insurance requirements for savings and loan institutions, freeing an additional $250 million for homebuilding.

Seventh. For the extension of the existing authority of the Federal Reserve Board and the Federal Home Loan Bank Board to establish flexible interest rates by banks and savings and loan associations on savings and time deposits. This authority expires on December 22.

Eighth. The bill also provides temporary Federal regulation of interest rates paid on savings in State-chartered thrift institutions in Massachusetts. The authority would be in existence until the State of Massachusetts adopts regulations of interest rates paid by these institutions.

In addition to the bill as reported, I plan to seek restoration of sections which would require the Federal Reserve to purchase at least $6 billion in housing mortgages either in the open market or directly from the Federal housing agencies. This would provide an immediate and meaningful injection of credit where it is needed most—in the homebuilding industry. I hope that I will have the support of the majority of the House in the effort to restore these sections to the bill.

This provision was originally in H.R. 15091 as introduced by 20 of the Banking and Currency Committee's 21 Democrats. All we are asking is that a small part of the Nation's credit be allocated to build homes. All we are asking is that some of the credit be allocated to the Nation's most depressed segments of the economy.

Mr. Chairman, the purchase of $6 billion in housing paper is not inflationary in any sense. The Federal Reserve can tighten up on unnecessary business lending in order to compensate for the credit allocated to homebuilding. The Federal Reserve can stop the big banks from financing gambling casinos in the Bahamas and the financing of conglomerate acquisitions so that the American people may be housed in decent and healthful homes.

Mr. Chairman, the vote to provide $6 billion in Housing credit will be a clear and absolute test of the House of Representatives' will to help the homebuilding industry.

Mr. Chairman, the rule on this bill allows a resolution introduced by the gentleman from New Jersey (Mr. WIDNALL) to be in order as a substitute for H.R. 15091. The Widnall resolution is simply a 60-day extension of the authority of the Federal Home Loan Bank Board and the Federal Reserve System to set flexible limits on the amount of interest that banks and savings and loans may pay on deposits.

Of course, Mr. Chairman, this authority needs to be extended and this is included in H.R. 15091. But the extension of the so-called regulation Q authority is an empty shell without the rest of H.R. 15091.

The passage of this empty resolution would be a mockery. It would be a vote against more housing, a vote against small business, and a clear indication of the House's abdication of responsibility.

The Widnall substitute should be defeated so that the House may work its will on H.R. 15091.

Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. The gentleman from Texas has consumed 42 minutes.

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

I had hoped to have the chairman of our committee again clarify the statement he made not once but several times when he was in the well of the House, in which he spoke about $6 billion being in this bill for housing. He still has not answered where it is in the bill.

Mr. PATMAN. Does the gentleman want me to answer it?

Mr. WIDNALL. Point out to me where it is in the bill.

Mr. PATMAN. The amendment, section 3 of the bill, was stricken out by the vote which I indicated, but it is alive in this bill. When they read that section I am going to rise in opposition to it. I hope the House will sustain the section 3 which provides for the $6 billion, which, incidentally, is at 6 percent interest.

If the gentleman has been wanting to vote to roll back interest rates, this is an opportunity to do so.

Mr. WIDNALL. The gentleman is verifying what I am saying. There is no provision in this bill now providing $6 billion for mortgages.

Mr. PATMAN. A rollcall can be called for it. It can be debated.

Mr. WIDNALL. That is not what I said.

Mr. PATMAN. I know, but it is in it to that extent.

Mr. WIDNALL. The record should show there is nothing in this bill at the present time stating it.

Mr. PATMAN. Do not say that, because the bill is going to be read. It is a committee amendment. When it is read I will stand up in opposition to it and ask for a record vote on it. A record vote will of course be forthcoming in the House. It is alive. It is here. The $6 billion you can vote for. When you vote for it you vote for $6 billion of housing at an interest rate of 6 percent.

Mr. WIDNALL. Mr. Chairman, to my colleagues in the House I regret that I have to make the kind of a talk I am going to make now. I have been in the House of Representatives for 20 years. I have enjoyed my relationship with all of the Members of the House during that time. I simply have to report that I have never seen a bill come before the House for consideration with such high-handed methods employed as well employed in connection with the so-called consideration of this bill before the House Committee on Banking and Currency.

We received on December 3, 1969, a notice of an executive session of the committee to consider, as I recall it, the rate control of regulation Q and "other related matters." This was a notice for our executive session. When we appeared at that executive session the following day we discovered that the chairman was going to try to force out of the committee with no hearings, no consideration, no ability for the members of the committee, including the minority, an opportunity to see the bill. There was no bill that had been printed. There was no numbered bill that had a Member's name on it at that time. We had some mimeographed sheets which purported to be what was going to be offered. We discovered that the intent was immediately, without real consideration, without witnesses or testimony, to vote the bill out to the House floor.

As a result of this knowledge, we walked out of the committee, very reluctantly, and I hesitate to do this at any time in the future. However, this was forced upon us so that we would at least have some chance to see what was going on and what was being offered of major import to the people of the country and with a very major impact on the economy.

When we went back into session at a later time we plead for witnesses to be brought before the committee. We wanted testimony from the Government, particularly from the Treasury and from others, and from those who would be affected by the credit controls. We were denied this ability. The statement was made that we had had hearings before the committee in the past which covered these things. And this just plain was not true. We had had some hearings in 1966 covering some portion of the matter contained in the bill, but there was a great deal of new matter which had never been considered by the committee and that was of such major importance that to bring it to the floor of the House without discussion and without the benefit of the knowledge of key witnesses who would know the impact on the economy and what it would do as far as the economy was concerned would have been disastrous, we believed.

Mr. PATMAN. Would the gentleman yield on that point?

Mr. WIDNALL. Not at this point.

We should understand that in August of this year the administration requested a simple extension of regulation Q to September 22 of 1970.

This was well known by our committee chairman and others.

We finally reached almost September 22 when it was necessary to have a continuing resolution to extend the power until December 22, 1969, a 3-month extension.

Instead of going ahead and having committee hearings on this and what has proven to be "and related matters," we had no hearings.

We reached the point on December 3 when the chairman and others started to worry about the shambles which would be created if regulation Q was not extended. If we do not extend regulation Q, after the 1st of January I think you would see chaotic conditions in the savings and loan industry. Also, it would materially affect mutual savings banks and we would have produced the very conditions that we want to avoid completely in stabilizing the economy and furthering the growth of housing in the United States.

We are now at the point where this bill is here before you, holding regulation Q as hostage, in order to get through many unproven sections of the bill that have not been properly considered by the committee and where no opportunity has been given to anyone to testify.

In our statement, the statement of the minority which appears on the last page of the report, you will see a sum-up of what I have just said.

In line with the conduct of the majority which was very unusual I would like

to point this out: Even permission had been obtained to file a report by midnight on the following Saturday, 2 days later, after our committee meeting. This permission had to be obtained immediately after the introduction of the measure and before the committee had considered the bill—before the committee had even considered the bill.

At every stage of the operation with respect to this it has been sickening as far as our normal legislative procedure in the House of Representatives is concerned.

We are proud of the fact that we have been pointing this out to the country through our own minority views, and statements have been made by the minority members.

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

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

Mr. STANTON. I would simply like to emphasize for the benefit of so many members here of the committee, and ask the ranking minority member if it is not true what he just pointed out—and I do this for the benefit of the majority members of our committee whom I refuse to believe had knowledge of this, that a meeting was called on Tuesday for executive session on regulation Q and out of that we have this meeting. The meeting was called for 3:30 p.m. in the afternoon.

Prior to the first meeting on this legislation the chairman of this committee appeared before the House of Representatives asking unanimous consent before we even had a number on this particular bill that this bill be reported out 2 days later. Am I correct?

Mr. WIDNALL. That is correct.

The provisions in the bill will be discussed during the general debate. I think it is of high importance that the Members give good attention to it because it can have far more impact on our future economy than I believe any other measure that will be considered by the House.

We do know that no part of the rest of the bill under consideration was requested by the administration. We do know of the urgency of the request to extend the regulation Q authority. I am going to yield later to other members of our committee who will have some very pointed things to say in connection with the bill and the provisions that it contains.

This is just highly unusual. The control authority, the voluntary control authority that is imposed here, as has been pointed out earlier, is greater than ever has been granted in the history of our Republic, even during wartime—and I challenge the Members on the other side to produce any facts to the contrary. This has a scope that could effect every single person in the United States, the authority that will be given to the President of the United States, not requested by the President of the United States.

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

Mr. WIDNALL. I will not yield.

Mr. PATMAN. I wanted to accept the challenge.

Mr. WIDNALL. Mr. Chairman, I did not yield to the gentleman.

Mr. Chairman, it is my hope that when we get through the debate that serious enough consideration will have been given by all Members so that when we reach the point of final action they will be able to completely understand what is in the bill, and what will be proposed in the motion to recommit.

These will all be explained later during the course of the debate.

Mr. Chairman, I will now yield 10 minutes to the gentleman from Tennessee (Mr. BROCK).

Mr. BROCK. Mr. Chairman, I think the thrust of the minority position, and that of some of the members of the majority today, will demonstrate that there is a very great crisis facing this country, not only in homebuilding, but in our total economic structure. This crisis demands on the part of all of us a sense of responsibility in terms of analyzing the effect of our actions, not upon our own political future, but upon the course and direction of this Republic.

Mr. Chairman, I would ask each Member some questions about the exercise of responsibility in a legislative body.

Is it an exercise of responsibility to imply by innuendo that there is a giant conspiracy among the banking institutions of this country to destroy the Nation's economy in order to dominate it?

Is it an exercise of responsibility to, by allegation or innuendo, imply that Members of this body are under undue or sinister influence on the part of financial institutions?

Is it responsible to charge the minority of this body with being obstructionists, when the chairman of the majority in his own words says, "that even if something is unparliamentary," and I quote directly from the hearing of the committee, "and it will furnish housing money, I am going to vote for it anyway right now because it is a must"?

Is it an exercise of responsibility to claim that hearings were held on every section of this bill when, in fact, they were not?

I defy any Member of this body to cite me the time and place.

Is it an exercise of responsibility to charge that there are Members in the Congress of the United States who represent, and who are in fact, and I quote "high interest boys"?

Is it an exercise in responsibility to say that there is $6 billion in this bill for housing when, in fact, there is not?

Is it an exercise in responsibility to title a bill, a bill to lower interest rates when, in fact, it will raise them—and a bill which will provide money for housing—when in fact it will take money away from housing?

Is it an exercise of responsibility to go before the Committee on Rules and say, "You do not need to explain this bill—just read the title—that is all that matters"?

If that were the case, I would hope that the chairman, the next time the right-to-work bill comes up, I would hope he would vote for that because that also has a nice title.

What is the problem? The gentleman from New Jersey stated it. Regulation Q is being held hostage in this bill in an effort to perpetrate a fraud on the American people.

Regulation Q affords the Federal Reserve authority to put a ceiling on time and savings deposits in order to prevent another repetition of the 1966 rate war which created disintermediation and outflow of savings in deposit moneys from the savings and loan institutions. If we allowed this authority to lapse, it could create more than a crisis—a collapse in many segments of our financial institutions.

Regulation Q must be extended. We cannot tolerate any tactic which would lead to its noncontinuation.

But what else is in the bill? What else is being used by this hostage. Well, some of them have been mentioned.

There is a section here which I think most of us generally would agree with which allows the Federal Home Loan Bank Board to create a secondary mortgage market for conventional mortgages. That is fine. There is nothing wrong with that—except—except that in this particular time when interest rates are expected to hit 9 percent next year on conventional mortgages, and these mortgages were issued at 6 percent, most of them. To put these mortgages on the market at 6 percent, they would have to sell them at about a 30-percent discount.

Is it responsible—fiscal responsibility for a bank or savings and loan or any other institution to loan $1,000 and then to sell the note for $700? How many times can they do that before they go broke? Have you done them a favor? Have you created money? No. In a declining market you can do that, but not in a market that is going up—and there is no indication that this market is not going up next year.

There is a section in this bill which is innocuously called "credit control." The plea is made again and again in the report—eight times this report cites hearings held on credit control. But what you are not told is that it was consumer credit control—a very small part of credit control.

This credit control controls every form of credit. If you want to loan money to your brother and if there was this authority, you would have to be registered by the Federal Reserve and they not only could tell you how much you could loan but on what terms and at what prices and over what period of time.

Here credit is controlled under the most categorically granted authority that has ever been given to an American President—ever, in the history of this land.

Let us think about what we are really doing. Is it responsible talk to talk about helping the poor people with credit control?

Let me tell you. Let me read you something from the Washington Post—which is not exactly a smalltown conservative newspaper. This is a direct quotation. This committee tried to impose credit controls before, and the House voted it down 275 to 73, if I remember correctly.

Here is the quotation from the Washington Post:

[From the Washington Post, Apr. 3, 1966]

LID ON CONSUMER CREDIT?

Congress should take a long and hard look before going along with the House Banking Committee in granting the President standby authority to control consumer credit. The capacity of the American economy to produce goods and services has grown by more than 50 percent since the Korean war, the last time in which consumer credit controls were imposed. There is now an ample supply of consumer goods. But price increases will be accelerated if the impending threat of credit controls leads to an outburst of anticipatory buying.

Another objection to consumer credit controls is that they clearly discriminate against the buyer without ready cash. In practice the brunt of credit controls would fall upon those in the lowest income brackets, the families least able to accumulate down payments. One can sympathize with the House Banking Committee's desire to create a defense against inflation in the event of an emergency. But there is not much to be said for what would amount to a special tax on the poor.

That is what is in your bill. I had not heard that explained by the majority.

The last section of the bill is another very small part of this "little old bill." All it does is to mandate SBA to mandate the President of the United States to mandate the Bureau of the Budget and other agencies to give $70 million to the SBA without the appropriation process of the Congress being resorted to.

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

Mr. BROCK. I yield to the chairman of the committee.

Mr. PATMAN. Under the standby provisions the gentleman has mentioned, that would be entirely up to the President. If he does not use it, nobody can compel him to use it. It is entirely up to him. If the conditions are surveyed, including the considerations the gentleman has mentioned, I am sure he could be persuaded to consider all those factors in making his order.

Mr. BROCK. I would accept your logic except I do not think it would be an exercise of legislative responsibility to abdicate that responsibility, and if you do not agree with me, go out and talk to any one of the 7 million college kids in America today and see how they feel about being sent to Vietnam under the Korean Emergency Act, which this Congress has never repealed. What is good for the goose, as someone said earlier, is good for the gander. If we are going to exercise responsibility, let us do it. Let us stand up like men, take the criticism, and do what needs to be done under the circumstances of a given situation.

Now, the last title I was referring to, which would mandate the expenditure of $70 million, violates, in my opinion, every prerogative of the Congress.

I urge support of the recommittal motion.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. I thank the gentleman from New Jersey for yielding me a few moments.

Mr. Chairman, I merely wish to make a few observations about the general economic situation we find ourselves in and the position which has been taken by the Chairman of the Federal Reserve Board, Mr. McChesney Martin.

Mr. Chairman, it does not matter on which side of the political aisle we sit today, and it does not matter how we may have voted in the past on expensive spending programs, whether those programs involve domestic spending, foreign spending, foreign financing, or domestic financing. These things are not in debate today. But the fact of the matter is that this country has spent itself into economic hard times, and we are having to survive this period of economic hard times.

The question is, What do we do in this period of economic trial and tribulations?

I presented that question in general to Mr. William McChesney Martin when I asked him some questions about just which way we go from now.

Mr. Chairman, with regard to the desirability of credit controls, I would like to insert in the RECORD at this point the statements of the Honorable William McChesney Martin, Jr., Chairman, Board of Governors of the Federal Reserve System:

Chairman PATMAN. Mr. Blackburn.

Mr. BLACKBURN. Thank you Mr. Chairman. To me, the real issue that we are facing in the Congress is this: Are we going to move toward a controlled economy or continue a free economy. Don't you think that is the big issue we must face?

Mr. MARTIN. I think that is a basic issue.

Mr. BLACKBURN. And when we say we are going to move against interest rates per se, what we are saying in effect is that we are not going to have a free economy any more, that we are going to move towards a controlled economy. Would you agree with that?

Mr. MARTIN. I do.

Mr. BLACKBURN. And those of us who do believe in the frequency and do believe that our Nation has prospered well under a free economy would be extremely reluctant to take moves towards a controlled economy. Don't you agree, Mr. Chairman?

Mr. MARTIN. I think it would be a mistake.

Mr. BRASCO. Would the gentleman yield?

Mr. BLACKBURN. I will be happy to yield when I complete my line of questioning.

Mr. BRASCO. Thank you. You are generous as always.

Mr. BLACKBURN. Mr. Chairman, would you not say that there are several aspects to inflation? The one which I call the mechanics of inflation deals with fiscal and monetary policy. If the Government embarks on a course of great deficit spending, if the Federal Reserve Board loosens up credit restrictions and lowers the prime rate to make easy money available, those are the mechanics of inflation; and, in my mind we embarked on a mechanics of inflation back in 1965 and 1966 and continued up through 1968, but the people of the country had not yet developed the psychology of inflation. Would you agree with that?

Mr. MARTIN. I agree with that completely.

Mr. BLACKBURN. In other words, we had the best of both worlds. We had the mechanics of inflation in which money was available at low interest rates. People could build apartments and borrow money without having to cut the lender in on part of the proceeds from the rentals, because the people of the country had not adjusted themselves to the thought that inflation was a part of our national policy. Would you agree with that?

Mr. MARTIN. That is right. We had a progressive deterioration of our budget at a time when we were having relative prosperity of a type we had never had before. We were using deficit financing.

Mr. BLACKBURN. All right, sir. Now the psychology, however, tends to follow the mechanics, does it not?

Mr. MARTIN. It does.

Mr. BLACKBURN. And so what we have done now, and the question of what the Congress could do by showing yesterday to the people of the country and the world that this Congress is not going to continue to follow the mechanics of inflation, it is going to take a little time for those mechanics to have an effect on the psychology, do you not think?

Mr. MARTIN. I do.

Mr. BLACKBURN. Now, regarding the discussion we heard earlier about the profit motivated borrowers being the ones who are running the interest rates up, just how long can the businessman borrow money at extremely high interest rates for capital improvements, if the little man that we are all very much concerned about is unable to buy his products?

Mr. MARTIN. That is the key to it.

Mr. BLACKBURN. That is going to be the ultimate break, will it not?

Mr. MARTIN. Right.

Mr. BLACKBURN. So what we have got to do is tolerate this period of uncertainty when the psychology of inflation is continuing even though the mechanics of inflation are being used as they should be used to control it?

Mr. MARTIN. That I think is what our basic policy, fiscal and monetary restraint is at the moment.

Mr. BLACKBURN. So if the Congress wants to do something, I think the Congress certainly took a right step yesterday when it voted to continue the surtax. Do you agree with that?

Mr. MARTIN. I agree with that.

Mr. BLACKBURN. And don't you think that although we will have a period of many months, perhaps 6 or 8 months in which, due to the built-up psychology of inflation, we will continue to see no dramatic change, but the mechanics will begin to make themselves felt perceptibly perhaps within a year.

Mr. MARTIN. I agree with that.

Mr. BLACKBURN. Thank you, Mr. Chairman.

Let me make this one last question, Mr. Chairman.

Chairman PATMAN. Mr. Chappell is next.

Mr. BLACKBURN. Mr. Martin, let me ask you this one last question. Regarding the discussion about placing a ceiling on interest rates, Would that not have the effect of running dollars out of the country?

Mr. MARTIN. Under these conditions, yes, because they would get more abroad, that is correct.

Mr. BLACKBURN. People are going to take their money where they can get the greatest return, and if we put a limit on what they can be paid in this country, they are going to see that their dollars go out of the country where they can be better invested.

Mr. MARTIN. They are going to look for the highest return, no question.

Gentlemen, we live in a land that has been remarkable for its prosperity. Indeed this country has produced the greatest wealth for the greatest number of people, both in percentage of population and in absolute numbers, that any society has ever created before on the face of this earth. I think in large measure, in fact in primary measure, the reason for this prosperity is because we have had confidence in a free market economy, in which money can move where the demand is the greatest. The fact that we are having difficult times at the moment is no reason to kill the goose.

When we find ourselves faced today

with legislation which would permit the President of the United States such powers, whether he be Democrat or Republican or Federalist or whatever, the question comes to my mind: Do we have the right as the spokesmen for the people of this country to turn around and delegate such broad authorities to any President, no matter what his political label may be?

I recall yesterday the question was asked: What is the matter with you Republicans? Do you not trust your President? Mr. Chairman, it is not a question of trust. It is a question of legislative responsibility. If we are going to assume this is the basis for future legislation, then we can just pass a general act saying that all legislative responsibilities are delegated to the President, and we can go home and lead a happy life, but we will never have to explain the reasons why we are running for office again.

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

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

Mr. BARRETT. Mr. Chairman, it seems to me the Democratic Congress seems to be more interested in trusting the Republican President than the Republicans were in trusting the previous Democratic President. This is quite a change in our history.

Mr. BLACKBURN. I do not notice any particular change. I think what we are doing is trying to pass legislation under a label. Let me put this rather facetious observation. If we are going to pass this legislation because of the very appealing label it bears, then any one of us could introduce legislation and put a title on it and say it is a Law To Improve Love and Happiness Throughout the Land. In the process of passing such a bill we could authorize the Federal Government to manufacture LSD and pot and a few other things and distribute it free.

Mr. Chairman, no one would seriously argue for a minute that laws should be passed, because they have an appealing title—and that is the only thing that is appealing about this legislation. It is the title.

Mr. BARRETT. Mr. Chairman, if the gentleman will yield to me, I will be glad to yield to him whatever time I take out of my allotted time.

The gentleman has said there have been no hearings on this bill. We had hearings on October 6, 1969, and on October 20 and October 21.

Mr. BLACKBURN. Before which committee?

Mr. BARRETT. The Banking and Currency Committee. We have 172 pages of testimony by those who testified before the committee, those who asked questions and those who made relevant remarks as to what is being said here today in the best interests of the people or America.

Mr. STANTON. Mr. Chairman, will the gentleman yield on that point?

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

Mr. STANTON. Mr. Chairman, this is the second time the gentleman from Pennsylvania has brought up the fact that we have had hearings in October on this particular bill. I know the gentleman from Pennsylvania is a very fair man, and I know he would be the first to admit that the bill on which hearings were held was another bill. I would say to the gentleman, since he made the point twice now, and for the benefit of the House, we know the bill that is before us, and we know the departments it affects, and I would simply like to say that the bill that was before us, was five lines long.

It is a simple five-line bill, H.R. 13939, which was before us, and a simply extended regulation Q. This was the point the gentleman from Pennsylvania made about the hearings.

Mr. BLACKBURN. Did the bill then under hearing contain credit controls?

Mr. STANTON. Absolutely not.

Mr. BLACKBURN. Did it contain provisions that would require the executive branch of the Government to approve additional appropriations for the Small Business Administration?

Mr. STANTON. Absolutely not.

Mr. BLACKBURN. Did it contain anything other than the extension of regulation Q?

Mr. STANTON. I would say the gentleman hit it right on the head.

Mr. BLACKBURN. I thank the gentleman for his observation.

I should like to end with these comments from Mr. Martin, Chairman of the Federal Reserve Board:

> The way to get interest rates down is to end the inflation that has been raising them. Then we can return to a sustainable rate of economic growth, consistent with the national goals of price stability and full employment of our human and material resources. This is the path back to lower interest rates, even though in the short run actions taken to curb inflation add to upward interest rate pressures through restraint on the supply of credit.
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> Essential to the abatement of present credit market pressures is a resurgence in the public's willingness to save in the form of fixed income financial assets—a development which depends on restoration of a stable economic environment, so that the real value of fixed dollar assets will not continue to be seriously eroded through inflation.

The answer to our inflation problem is not props and quiltwork patterns of Rube Goldberg invention. It is not makeshift patchwork on an existing economic system. It is to give revitalization to the very basic things that built this economy; that is, restoring the confidence of the people of this country in their dollar.

We are moving in that direction today. Every indication is that we will achieve this goal. Do not allow us to be stampeded in this the 11th hour and the 50th minute of this session of Congress into taking actions which could bring disaster to our country.

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

Mrs. SULLIVAN. Mr. Chairman, the President of the United States carries around with him at all times a little black box which he alone, and no one else, may activate to blow up half the world and bring down atomic war to every city in this country. We trust him with that power. We depend upon him to use it with care and responsibility.

But several Members of the President's political party do not trust him, apparently, to have the power to ask—and I emphasize, the word is "ask"—the Federal Reserve Board to consider—and I repeat the word is "consider"—regulating the downpayment on a refrigerator, or to consider setting a temporary ceiling on interest rates.

The Members have been treated to a great show of horror over the things in this bill, particularly the standby, selective, discretionary credit controls. But I hope the Members will recognize the fact that 20 members of the Banking and Currency Committee—none of us a Bolshevik or an anarchist—have cosponsored this bill. What is it we have recommended?

First. It increases the insurance on bank deposits to $25,000. Is that bad?

Second. It continues Regulation Q. Is that bad?

Third. It clarifies the power to regulate commercial paper issued by the banks, as contemplated by the Federal Reserve. Is that bad?

Fourth. It expands the lending authority of the Small Business Administration. I do not think that is bad.

Fifth. It regulates the use of Eurodollars in this country. Is that bad?

Sixth. It creates a secondary mortgage market for conventional mortgages now owned by savings and loans. I ask you, is that bad?

They are some of the provisions in the bill, in addition to standby credit controls.

Two of the provisions of this bill were introduced originally by me as separate bills, and were incorporated into this committee bill to fight inflation. One is the provision I mentioned dealing with the insurance of bank deposits and savings and loan shares. My bill had proposed raising the coverage under the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation from $15,000 per account to $20,000 per account. A committee amendment raised the ceiling to $25,000, and I am glad to support the higher figure.

The second feature of this bill which grew out of a separate bill of mine is title II to authorize standby credit controls. This is one of the most important parts of this bill. I repeat that this is a bill which was put together by all of the majority members of the Committee on Banking and Currency to give the President of the United States, whether he asked for it or not, the tools that he should have in order to fight inflation and to correct the distortion in the credit supply in this country.

This is an antirecession bill, an antiinflation bill, a prohousing bill, and a prosmall business bill. The controls on credit contained in this bill would be standby controls. Only the President could activate them. He would have to decide that we were in the kind of inflationary situation which requires controls on either consumer credit or real

estate credit, or on business credit, including commercial paper.

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

Mrs. SULLIVAN. Yes. I am glad to yield to the chairman of the committee.

Mr. PATMAN. In listing the things this bill would do, we should add that it would give the President the authority to lower interest rates on housing from 8½ to 6 percent, in section 2, which we will vote on later.

Mrs. SULLIVAN. Thank you. In connection with the standby credit controls the President does not have to use this power. He can use it as selectively as he likes. He does not have to control all credit at one time, or at any time. He can decide, for instance, that we only need controls on commercial paper. These are the IOU's which are sold by finance companies and corporations, or by other institutions or firms, to raise cash at very high interest rates, or which are purchased by those same firms in order to obtain a high return for cash that they have in temporary surplus.

The testimony we have had on this practice is that it is completely uncontrolled, and is raising interest rates for everyone. The corporations can afford to pay whatever interest is charged because it is a business expense, and they can write it off on their taxes.

But what about housing, small business, and everybody else? Interest rates are a critical factor in those fields. Besides regulating commercial paper, the President could recommend to the Federal Reserve Board under this bill that it should regulate any other form of credit, any specific form of credit, or all credit; and the regulating would be done by the Federal Reserve Board, which would set the maximum terms of the loans, their maturities, the downpayments, and the interest rates, and so on. The Federal Reserve Board would have the full responsibility for deciding upon and setting the actual terms of the regulations under the credit control title of this bill the Federal Reserve Board is not noted for being socialistic or antibusiness.

The Federal Reserve Board exercised some powers of this nature during World War II, and during the first year of the Korean war under regulation W, which applied to consumer credit and to real estate credit. It administered that regulation fairly and with a deep understanding of the importance of preventing credit inflation. It was not a popular regulation, but it helped to stop inflation. It put reasonable ceilings on credit terms, and the people abided by it and so did business, although perhaps grudgingly. But those controls worked.

This bill goes further than World War II and the Korean war powers with reference to credit controls. This bill applies to all forms of credit, including business credit, which is now the most inflationary of all, and commercial paper, which is not subject to any regulation at all. Mr. Chairman, I say to the ladies and gentlemen of the House, if you want to provide the tools to save this economy from runaway inflation, leading to an economic collapse, but to provide the tools without trying to dictate how or when they should be used—leaving that judgment to the President of the United States to whom all of us entrust our very lives and safety—then title II is a responsible and desirable way to do it.

We have studied this issue in depth in the Committee on Banking and Currency for many years. The hearings have been extensive. The evidence is convincing. Part of this background is incorporated in our committee report—excerpts from the transcripts of some of our hearings over the past 3 years, and also the relevant portions of our committee report in 1966 on the Defense Production Act, including the dissenting views filed at that time. We went into this issue thoroughly in our prime rate hearings this year. This, I repeat, is a standby power—a powerful weapon to have on hand to fight inflation, to be used only when the President, upon considered analysis, decides he must use it, and then it is up to the Federal Reserve Board to exercise its judgment as to how the controls should work, or whether they should be used at all.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I want to discuss some of the phases of the bill and the proposed amendment to try to reinstate the $6 billion purchasing power of the Federal Reserve Board through the Homeowners Loan Bank.

As you know, the bill as it was reported from the committee provided that the Federal Reserve Board shall during the next year buy these $6 billion worth of bonds. It was stricken in committee as the gentleman from Texas (Mr. PATMAN) has stated on the floor. This mandate was in the bill, irrespective of the ability of the Federal Reserve Board to buy these bonds.

I have before me the most recent report of the Federal Reserve Board and a balance sheet as of October 31, 1969. I hope that the gentleman from Louisiana (Mr. WAGGONNER) is here and I shall answer the question that he raised.

The balance sheet of the Federal Reserve—consolidated balanced sheet—indicates that the Federal Reserve Board has $149 million in cash in bank as of October 31, 1969. Now, the assets of the Federal Reserve System is a total of $74 billion. Of this $74 billion, $53 billion is invested in Government securities, $10 billion in gold, and the other $10 billion in other miscellaneous assets. But $53 billion, of course, are Government securities which have been acquired as a result of open market operations in order to stabilize the market with reference to U.S. securities. Now, can anyone tell me how the bank can acquire the money to buy $6 billion worth of these bonds? I once asked Chairman Martin where he would get the money and he said, "Why, we would just create credit."

By the way, creating that credit is the very thing that this bill is seeking to stop in this unprecedented power to be given to the President.

If you do not have the money and you do not want to issue credit, all you could do is to inflate the currency.

This Federal Reserve report also shows that the currency issue is $45 billion by the Federal Reserve Board. They have $10 billion in gold. Had the old law obtained that you could not issue currency without having 25 percent in gold with which to back it up, you could not issue any new currency. However, since we took the controls off currency the Federal Reserve Board has issued $5 billion worth of currency, over and above the old gold requirement limitation.

If you give them this mandate that they must buy $6 billion worth of bonds this year they, of course, will have to issue $6 billion more worth of currency, and our currency outstanding then will be $51 billion, and we will then be well on the road to fiat currency.

Now, Mr. Chairman, I would say that I like the Senate bill, personally. The Senate bill says that the Treasury is authorized to buy out of Treasury funds, out of tax money, $4 billion worth of home owner loan bonds. I think the thing they are trying to do, and we are all trying to do, is to get money into the housing market. The way to do it is the Senate version, which as I said I like. It is not inflationary, and it is not issuing fiat currency.

I do not know why the committee in their infinite wisdom did not take the Senate bill instead of trying to thrust this bill on the American people, because the Senate bill in my opinion is a pretty sensible piece of legislation.

Mr. Chairman, I have one more point on the report of the Federal Reserve here. Our chairman has said, and I think he said it in committee, that the banks have done nothing to help the housing market. If you consider the report here, on the consolidated balance sheet of all the banks in the country, it shows that while banks are organized to issue commercial paper they have only loaned $95 billion to industry, and commerce, and banks have loaned $65 billion in the housing market on real estate. And if you think that the banks have not done a thing to loan that money——

Mr. BARRETT. Mr. Chairman, will the gentleman yield at that point?

Mr. JOHNSON of Pennsylvania. No, Mr. Chairman, I do not have sufficient time remaining to yield to the gentleman from Pennsylvania.

Mr. Chairman, let me say something about this bill:

If they had held hearings on it, and could point out how the Federal Reserve Board would raise this $6 billion, if they had held hearings that told us how this secondary market operation would work, I think we would have been for this bill. I am sorry that they did not take the Senate version, which is sensible and sound, and if they had we would not be in the trouble we are in right at this moment.

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

The Chair will state that the gentleman from New Jersey (Mr. WIDNALL) has 23 minutes remaining, and the gentleman from Texas (Mr. PATMAN) has 9 minutes remaining.

Mr. WIDNALL. Mr. Chairman, I now yield 5 minutes to the gentleman from Pennsylvania (Mr. WILLIAMS).

Mr. WILLIAMS. Mr. Chairman, we have heard here this afternoon that 20 Members of the House sponsored the bill

that is before us. However, what you have not been told is that a number of those 20 Members voted to strike various parts of this bill during committee consideration.

What is really good about this bill that is before us? There really is only one good thing about it, and that is the extension of Regulation Q.

Right now there is no money in this bill for housing. We have heard that the section that was stricken out by the committee to provide $6 billion for housing is going to be offered as an amendment, and put back in the bill.

Stripping all of the foliage off the arguments, it simply means that $6 billion in printing-press money is going to be pumped into housing. What this is going to cause is an increasing upward spiral of inflation, just like one of the Apollos taking off the launching pad.

Then what is the Federal Reserve Board going to have to do to try to retain at least a little value in the U.S. dollar? The Federal Reserve Board is then going to have to raise the discount rate which now is down to 6 percent, and under these circumstances it could go to 6.5 or 6.75 percent.

So what is this going to do to interest rates? Organizations like Fannie Mae right now are borrowing money on the private market and buying mortgages so that savings and loans and other companies can continue to put money into mortgages.

Just as soon as we get this increase in inflation and this increase in interest rates, organizations like Fannie Mae are going to be paying 6½ percent or 6¾ percent for their money, buying mortgages so that savings and loans and everybody else can be lending this money out at 9 percent and 10 percent.

So, do not kid yourselves. We are not going to stop inflation and we are not cutting down on interest rates. We are going to be doing exactly the opposite.

We have heard the statement here today from the chairman of the committee, the gentleman from Texas (Mr. PATMAN), to the effect that corporations can borrow money today, but nobody can borrow money for housing.

Yet, the homebuilders are cited as favoring this bill. I ask you, what are the major homebuilding companies in this country today, if they are not corporations? Yes, they are corporations.

Of course, title II gives great power to the Federal Reserve Board with authorization by the President. How many times have we all sat here on the floor of the House and listened to the chairman of the Committee on Banking and Currency rail at the Federal Reserve Board for irresponsibility and for malfeasance and misfeasance in office.

Yet, suddenly there is a great about-face. Now we are going to give the Federal Reserve Board greater power than they have ever dreamed of—greater power than they have ever asked for—greater power than they want.

Of course, when we get down to title III of the bill where we are going to increase the spending of the Small Business Administration by $70 billion—this is little more than a joke.

Just 2 weeks ago the Administrator of the Small Business Administration, the SBA, appeared before the Committee on Banking and Currency and he asked for authority for the SBA to insure $40 million worth of loans from private sources—the money to be put into small business investment corporations—the only kind of institution we have that can lend money to marginal small businesses in depressed areas and keep them in business.

Some of the very same majority Members who have spoken here today about how $6 billion is not going to have an inflationary effect on our economy accused the Administrator of the SBA of wanting to cause inflation by just guaranteeing loans from private sources to the tune of $40 million.

If you are looking for a tool that can control inflation, if you are looking for a tool that will lower interest rates, if you are looking for a tool that will preserve our economy, you are not going to find it in this bill, H.R. 15091, and I urge its defeat.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Chairman, one of the greatest threats to our country is inflation. Because of that threat, it is gratifying that the House will have an opportunity to vote today on H.R. 15091, legislation which would go a long way towards not only fighting inflation but to rebuild the homebuilding industry in this country.

The legislation before this body today might be considered as a nonconventional approach to the monetary problems of this country. It should be noted, however, that conventional solutions to our monetary problems have not worked and so we must turn to other approaches rather than standing by hopelessly while approaches that have worked in the past no longer can solve the problem.

President Nixon has stated that he will do everything within the power of his administration to combat inflation. I support the President in his efforts and I want to make certain that he has available every tool with which to wage the fight.

This is why I feel that we should provide the President with consumer credit control authority so that if there is a need to use this authority, it will be available. The consumer credit control authority is permissive—not mandatory, and although the President has not asked for such authority I am certain that he would not want to disregard this valuable tool if he intends to wage a full scale fight on inflation.

Some have contended that consumers do not want credit controls. However, survey after survey and poll after poll has clearly shown that most Americans favor any approach that will reduce prices and stop inflation, including credit controls. A recent poll of small businessmen indicated that a majority of them would not be opposed to credit controls. In short, the man on the street and the man behind the counter in the shop is willing to sacrifice to battle inflation and if it is necessary to invoke consumer credit controls, it is my feeling that the American people are willing to accept such a policy.

I do not feel that it is necessary at this point to discuss all of the provisions of this legislation. The distinguished chairman of the House Banking and Currency Committee, the gentleman from Texas, has explained the provisions of the bill most clearly. Quite simply then, the question is whether or not this Congress will vote for legislation to lower interest rates, fight inflation, help housing, small business and employment.

Every Member of this House has received hundreds of letters complaining about inflation and interest rates. Today, we have an opportunity to take affirmative action so that we can tell our constituents who have written that the House of Representatives of the U.S. Congress is vitally concerned about our monetary situation and will take any legitimate step to solve the problems.

Mr. WIDNALL. Mr. Chairman, I have no further requests for time.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Pennsylvania (Mr. BARRETT) 1 minute.

Mr. BARRETT. Mr. Chairman, I just want to point out that in 1966 we married the VA and FHA mortgages—they go together.

At that time they were at 5¼ percent.

Since 1966 interest rates have gone up steadily—and this is all we are asking for today—to put these in with regulation Q.

There should not be any argument on either side of the aisle. Builders cannot get money for the high-income level and high-priced housing.

What we are asking for here today is to get money for those 6 million people who are living in substandard homes.

Back in 1959 we had an interest rate of 5¼ percent.

On March 3, 1966, the interest rate rose to 5½ percent.

One month after that on April 11, 1966, the interest rate went up to 5¾ percent.

In the 10th month, third day, of 1966, the interest rate went up to 6 percent.

In the fifth month, first day, of 1968, the interest rate went up to 6¾ percent.

In the first month, the 24th, 1969, the interest rate went up to 7½ percent.

Mr. Chairman, we are told that today a person cannot buy a home for $12,500, that he must pay $20,000. He buys it for $20,000 with a 30-year mortgage, and for that he pays close to $4,000 additional on the $20,000 home.

We are attempting to get money into the mortgage market today to aid the people in low- and moderate-income families.

Mr. Chairman, the passage of H.R. 15091, and its enactment into law is particularly vital at this time. Early this year it became apparent that inflation presented a serious threat to the economy of our country.

While the Congress has continuously tried to keep interest rates from climbing a series of actions in and out of Government earlier this year have thwarted those efforts.

On January 24, 1969, the rate of interest on FHA and VA guaranteed loans was increased from 6¾ percent to 7½ per-

cent. It was contended that this was necessary to provide funds for the homebuilding industry; but, it has proven to be of little benefit for that purpose. The most recent figures, for November 1969, on the annual rate of housing starts is 1.287 million. This is down, not only from the October 1969 rate of 1.372 million, but almost a half million from the 1.733 million of a year ago, in November 1968, and at a time when we should be building at a 2.6 million annual rate.

What the increase in mortgage rates did was to increase the actual cost of housing under these programs to the home buyer. Assuming the purchase of a $20,000 house with a 30-year mortgage—this increase in interest rates raises the final cost of the house by almost $4,000. This $4,000 could have purchased nearly an acre of ground.

At the same time the banking interests had been allowed full latitude of action in the money marketplace. It was only after the New York banks raised their prime interest rate to 8½ percent that an attempt was made to curtail the activities in the money market. This was like locking the barn door after the horses were gone.

Despite the imposition of supertight monetary policies over the past 6 months, inflation continues at close to a 6 percent annual rate. And, Preston Martin has already predicted upward pressure for increased interest rates next year—which will have further inflationary effect. Our failure to act now would be most harmful to the economy of the country and not in the best interests of the American public.

In 1966, the Congress gave the financial regulatory authorities flexible authority to set interest rate ceilings on savings accounts, time deposits, and certificates of deposits; authorized higher reserve requirements for member banks of the Federal Reserve System; and permitted open market operations in direct or fully guaranteed obligations of any agency of the United States. This authority, originally effective for a period of 1 year has been periodically extended and would expire on December 21, 1969. The bill extends this authority to March 22, 1971.

In addition to the extension of the authority to impose interest rate ceilings, H.R. 15091, as reported, contains a number of other provisions which are intended to lower interest rates, fight inflation, and to help housing, small business and employment.

As I said at the outset of my remarks, the passage of this bill is particularly vital at this time. It is vital because of the growing concern that present policies are about to achieve the unimaginable and most undesirable situation of continued inflation and a recession.

The supertight money attack on inflation is not only failing to curb inflation, it is working great hardship on the homebuilding industry, as I pointed out, on savings institutions, on small business, on hundreds of thousands of Americans who are kept from gainful employment and the millions who exist at the lower end of the scale of economic employment.

The continued high rate of inflation and upward pressure on interest rates results from the ability of the large banks to obtain funds from the Eurodollar and commercial paper markets, which they relend at high rates of interest. This has become a serious deterrent to the Federal Reserve Board authority to carry out its monetary policy. In the bill before us the committee has taken action to control this practice of borrowing funds abroad in the Eurodollar market.

Mr. Chairman, last June, the Committee on Banking and Currency held extensive hearings on the increase to 8½ percent in the prime rate the commercial banks charge their best customers. When William McChesney Martin, Jr., Chairman of the Board testified, I asked him about this matter of the Eurodollar borrowing by the large commercial banks and he said that the Federal Reserve was very much concerned over this developing practice. He stated that at the time the Federal Reserve was considering measures to bring this practice under the Board's control. At the present time, the Federal Reserve Board has issued regulations to establish reserve requirements against these Eurodollar borrowings. Under the regulation the Federal Reserve Board is limited to establishing a 10 percent reserve requirement against such borrowings. These borrowed Eurodollars can be channeled through foreign-owned banks as well as foreign branches of the U.S. banks; thereby precluding the Federal Reserve from establishing reserve requirements against these borrowings. If the 10 percent reserve requirement does not prove effective, I believe that the Federal Reserve Board should have the additional authority contained in this bill to establish reserve requirements of up to 22 percent on funds borrowed.

As I illustrated earlier, the present tight money policies have been particularly harmful to the homebuilding industry and the supply of funds for this basic component of our economy. The Congress last year set housing goals for the next 10 years to achieve the goal of a decent home and a suitable living environment for every American family. To meet that goal, on an annual basis, it was recognized that definite governmental action would be required to increase over preceding years the number of housing units to be built in 1969 and succeeding years. Yet, when early this year it became apparent that not only would there not be an increase in housing units built, but the number might well fall short of last year—nothing was done to rectify the situation. It is now clear that the number of housing units constructed this year will be substantially less than last year.

The bill before us proposes to aid homebuilding by allowing Federal home loan banks to improve the conventional mortgage market by secondary market operations, and by liberalizing mortgage lending restrictions for national banks. It is hoped that the use of this authority will increase the availability of funds for the homebuilding market, tend to a lowering of mortgage interest rates, and thereby enable our young married couples and the low- and moderate-income families to acquire much needed housing.

The bill also provides discretionary authority to the President to authorize the Federal Reserve Board to control extensions of credit, particularly consumer credit, and unnecessary bank business lending. This authority is needed to enable specific attacks on inflationary areas, and thus make unnecessary the present across-the-board supertight money which threatens unemployment and recession.

As part of the effort to lower interest rates by increasing savings deposits, which can be re-lent, insurance of accounts in banks and savings and loans would be increased from $15,000 to $25,000.

Another area of our economy which is suffering because of tight money and high interest rates is the small business community. This suffering is due to the failure to use the tools and means which are readily available. There is available a $140 million revolving fund in the Small Business Administration for loans to small business investment companies, which in turn invest in small businesses. The administration has failed to make use of this fund. The bill would direct the administration to make available $70 million of the funds to small business investment companies.

Mr. Chairman, the bill before us, H.R. 15091, to lower interest rates and fight inflation, to help housing, small business and employment—is vital to our economy as an anti-inflationary measure. It will provide the necessary authority and tools to our Government to attack this critical problem which is of great concern to the people of our Nation.

As responsible legislators we must act now. We must pass this bill. To do otherwise would be the same as shutting our eyes to the reality of our present economic situation.

I strongly urge passage of the bill.

Mr. PATMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, this legislation is the first bill of this year that responsibly seeks to curtail inflation, provide funds for the housing and small businesses of this Nation.

This bill will curtail inflation. It will provide the Federal Reserve with the powers to curtail the use of commercial paper which has grown 1,000 times in the last 3 years to a level of $30 billion, outside the pale of governmental control.

Mr. Chairman, we are heading for a recession, indeed, a depression as well. We are being led down the proverbial road in a handbasket.

Currently, under the tight money, high-interest rate policy, small business, housing, and the working people generally, are suffering. Big business never has trouble getting loans. They can pay the rate and write it off on their taxes.

This is good legislation. It will, I repeat, curtail inflation, provide funds for housing and small business.

It has been said today that no hearings have been heard on this legislation before us. We have heard testimony ad nauseum over the years on all sections of this bill.

Mr. Chairman, let us dispense with all diversionary tactics and get down to the basic, fundamental issues here.

The issues are simple and direct. Shall this House enact legislation to provide funds for housing, curtail inflation, lower interest rates, and provide funds for small business? Or shall we not?

The American people will know when the roll is called for, and I trust all Members will be favorably recorded on H.R. 15091 along with sections 2 to 3.

Mr. PATMAN. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, I rise in support of the bill and compliment the chairman and the committee for bringing the bill forth.

There is one thing that seemed to me to need clarification in the remarks of the gentleman from Pennsylvania. As I understand, the money that would be made available under the proposed amendment would not be to homebuilders but rather to those purchasing homes. These are not corporations. These are the people in my district who are suffering most from tight money.

Mr. PATMAN. Mr. Chairman, since the minority has indicated that they have no additional speakers, to close the debate I yield the remaining time to the gentleman from Wisconsin (Mr. REUSS).

Mr. REUSS. Mr. Chairman, the bill has been subjected to a most exhaustive debate. The Clerk stands ready to read, and I think I can most usefully employ my time by inviting any questions that there may yet remain in the minds of Members on either side.

Are there any quesitons from the minority?

Are there any questions from the majority?

Mr. Chairman, I yield back the remainder of my time.

Mr. HANNA. Mr. Chairman, early last month I inserted in the RECORD an editorial that appeared in the London Economist. The point made by the Economist was frightening, yet it seems the noted magazine was accurate.

The Economist predicted that the present high interest, tight money policies of the administration would cause a recession while the rate of inflation continued unabated. According to the Economist:

> Under Mr. Nixon, the growth rate is down to 2 per cent, and inflation is up to 5½% . . . Under the rules of the fundamentalist economics that some Republicans still believe in, it should have been impossible for this simultaneous slowing of growth and quickening of inflation to happen, or at any rate to go on for so long. It is going on because, although America is no longer suffering from a demand-pull inflation (a fact that the American Treasury and the Federal Reserve seem to have failed to note), it is suffering from a cost push inflation.

This is precisely our problem. Unfortunately, the administration has failed to note this reality. As a result, our national economy is being subjected to a severe policy that has been unable to control inflation, but has effectively damaged important components of the economy. At this moment, high interest rates are crippling America's housing industry, damaging school programs, hurting the poor, playing havoc with consumer budgets, and causing the deterioration of the savings industry. In addition, vitally needed public services are being postponed because no one will finance them at voter-approved interest ceilings.

During this past year I have repeatedly called upon this administration to look at the real facts in the economy. Many in the Congress have made similar attempts to awaken the President and his economic policy planners. We have urged they roll back high interest rates, control Eurodollar borrowing, reduce consumer credit, and raise regulation W standards. We have, time after time, asked the Federal Reserve to look to managing the supply of money rather than tightening it every time the rate of inflation increases. All this has been to no avail, and as a result today many vital segments of our economy are in the midst of a growing crisis.

Unless Congress acts immediately to reduce the disastrous impact these policies are having in selected areas, and unless we change the direction of present policies, we will enter the 1970's in a critical condition. The legislation we are considering today is an important step toward restoring balance. H.R. 15091 addresses itself to almost every facet of the present mess. This legislation is urgently required. More important, it must be implemented immediately. Every pressure must be exerted upon the President in order to convince him to reconsider his announced intention not to use the powers conferred upon him by the bill.

Before I review the key provisions of this landmark measure, I wish to report upon the growing concern over the extent of the problem.

During this last year, the House Committee on Banking and Currency has been examining, in depth, solutions to problems of restoring balance while cooling inflation. We have held extended hearings in Washington on these issues. And we have taken the time and energy to hold hearings around the Nation. We have heard from the experts and the people. They have all told us the same story and have literally begged us to do something before it is too late.

The committee has now held hearings on these economic issues in Newark, Los Angeles, and Atlanta. Since California is my home State, I am most familiar with the hearings held in Los Angeles and wish to take just a few minutes to report on what is happening there.

When the people of southern California were advised through the media that the committee would take local testimony on the problems of high interest rates and inflation the response was overwhelming. In 2 days of testimony, the committee heard 111 witnesses. Every segment of the community came to testify.

The report we heard was amazing. High interest rates were hurting the areas of the economy least able to afford setbacks.

The mayor of Los Angeles told us important airport and sewer bonds were going unsold. Absolutely necessary facilities were being postponed because it cost too much to finance them. The mayor directed our attention to a 12-story steel skeleton across the street from the hearing site. This skeleton would eventually be a much needed addition to city hall, if financing could be arranged. At that moment, it could not because interest rates were too high. The mayor feared that the delay would allow inflation to work its will, causing the construction costs to skyrocket.

The city of Los Angeles is caught in the unenviable grip of both inflation and high interest. Postponing needed public services because high interest rates prevent reasonable financing allows inflation to raise the cost of the service. In the end, the taxpayer not only does not get the service when he needs it he pays a higher price for the same service when he eventually does get it.

This is the story of almost every municipal government in California. The present policies prevent them from providing vital services and facilities and insure they will pay increasingly higher prices if the voters agree to finance the project at usurious rates.

This not only hurts the middle-income taxpayer who must pay an increasingly higher tax bill caused by high interest rates and inflation, but also has severely crippling social consequences.

Literally dozens of southern California citizens told us the depressing story of the negative impact postponing these needed services was having in the poorer communities.

School officials at every level, including the University of California and the California State colleges, recited a discouraging litany. The high cost of bonding is severely damaging California's ability to support quality public education. District after district filed statements, all telling the same story. Vital programs are being indefinitely postponed because the districts cannot market their bonds. There are no bidders for school bonds because the voter-approved interest rates they offer are not high enough. Educational services throughout California are being curtailed because high interest rates are preventing funds from going to the schools.

This Chamber has heard me often enough this year on the crisis in America's housing industry. The crisis is worsening. Housing starts are down miserably. The vacancy factor is almost nonexistent. Mortgage money, when available, can only be obtained by paying staggering rates—in California some conventionals are now going at more than 9 percent.

I represent one of the fastest-growing areas in California. It has always been difficult to keep up with the housing demands in my area—now it is impossible. Each month I receive a statement from the local FHA office reporting on housing construction activity. I have just received the latest report. Housing starts in my area are down 51 percent compared to this time in 1968. The demand has not diminished, just the money. There is now a housing crisis in California.

During the hearings in Los Angeles California's director of housing told the committee that the State is meeting only two-thirds of the demand for new housing. And once again the people unable

to obtain housing are the one's who need it the most.

California savings institutions, the major source of mortgage money, are now in the throes of their worst year in history. I remember many of the leaders of the industry telling me in 1966 that they doubted if they will ever see a worse year; 1969 is worse. In 1966 the California industry did manage to pull out with a net gain in savings. That will not be the case in 1969. Outflow from savings accounts has been at an alltime high and the deficit could range as high as $1 billion.

After hearing 111 witnesses ask for immediate relief from the high-interest policy of the administration, there is no question in my mind about the necessity to pass H.R. 15091. At the end of my remarks, I will attach just a few excerpts from the Los Angeles testimony. If any of my colleagues has any doubt about the need for this legislation, I invite them up to my office to read the full transcript of the Los Angeles hearing. The transcript, particularly the portions I am going to attach to my remarks today, represents a rather dramatic demonstration of concern over the present high-interest rate policies of the administration.

Now I would like to turn my attention to the legislation and analyze what, H.R. 15091 attempts to accomplish.

The bill deals with a number of the problems now critically affecting the economy. Briefly the bill: First, extends rate control authority to noninsured institutions; second, renews rate control authority over all member institutions until March 22, 1971; third, creates a secondary mortgage market in conventional instruments through the Home Loan Bank Board; fourth, changes the FSCIC premium schedule so that savings institutions will have more liquidity resulting in new loans; fifth, closes a loophole that permits bank holding companies to pay higher than permissable regulation Q rates on CD's; sixth, allows the Federal Reserve to establish reserve requirements on Eurodollar borrowings; seventh, increases savings account insurance from $15,000 to $25,000; eighth, permits higher mortgage loans by banks; ninth, gives the President standby authority for selective credit; and tenth, provides $70 million in additional funds for direct lending by the Small Business Administration.

With the exception of the additional funds for the SBA, the measure deals in three areas: first, interest rate control; second, assistance to the housing and savings industries; and third, credit control.

The rate control provisions, for the most part, extend already existing law. In 1966, the first real tight money year, Congress passed legislation which gave the Federal Reserve and the Home Loan Bank Board the authority to establish ceilings on the various interest bearing savings instruments. The policy at that time proved absolutely necessary. 1969 finds the market squeezed tighter than ever and the need to extend the authority is obvious.

A new grant of authority is being given the Federal Reserve in the area of Eurodollar borrowing. Certain domestic institutions have been getting around reserve requirements by borrowing dollars from banks abroad. This is both a risky and dangerous process to allow to go unregulated. The Fed will be authorized to establish reserve requirements on these borrowings.

The second major area covered by the bill's provisions concerns much needed assistance to the housing and savings industries. Four changes in existing law are made. Each of these changes will either directly pump or draw capital into the depressed housing market.

The item that will probably receive the most notice is raising the rate of insurance on savings deposits from $15,000 to $25,000. The purpose for doing this is to attract dollars into savings accounts. The added insurance should make these accounts much more attractive. New savings dollars strengthen the savings and loan industry while providing additional liquidity for housing.

The one feature that will probably put the most money into the mortgage market however, will be the creation of a secondary market for conventional mortgages through the home loan banks. The secondary market in conventional mortgages is long overdue. Most of the paper written by savings and loans are conventional, and opening a secondary market in this paper should generate substantial liquidity. While there are no firm estimates, this secondary market in conventionals can generate billions in new funds.

The most immediate injection of funds into housing will come from an amendment I offered during committee markup. My amendment will, in effect, put as much as $200 million back into savings institutions and ultimately housing. The amendment reschedules FSCIC premiums payments by considering December 31, 1969, the date at which time the primary reserve will have been considered as reaching 2 percent of insured accounts and creditor obligations standards. This will mean that savings associations will not prepay in 1970 the 2 percent premiums for a secondary reserve. The associations will then be able to realize a net reduction in operating costs. This savings can then be passed along in the form of new money for loans on mortgages.

An additional feature of the amendment permits already prepaid premiums to the secondary reserve be applied to premium payments into the primary reserve. This will provide an additional savings. Both the primary and secondary reserves of FSCIC are in very solvent condition, each containing more than $1 billion.

At this point in the RECORD, I would like to include an excerpt from the committee report which details the effects of my amendments.

Section 5 of the bill would, if enacted, simplify the premium structure of the Federal Savings and Loan Insurance Corporation and more importantly make more funds available for housing in the present credit squeeze.

Currently, the regular annual premium of an insured FSLIC institution is one-half of 1 percent of the accounts of its insured members and its creditor obligations. Creditor obligations by and large include FSLIC member loans from the Home Loan Bank system. It is significant to note that there is no comparable payments made by commercial banks who are members of the Federal Deposit Insurance Corporation. FDIC member banks pay a premium only on deposits and not their other obligations.

In addition to the regular annual premium paid by an insured savings and loan association, each such association must also pay certain additional premiums which are in the nature of prepayments on its regular premiums. These payments are equal to 2 percent of the net annual increase in its insured account and they are credited to the secondary reserve of the FSLIC. Currently, the primary reserve of the corporation amounts to $1.1 billion and the secondary reserve, which is in fact an additional premium in the nature of prepayments with respect to future premiums, amounts to more than $1.5 billion.

Under the time schedules as set forth in section 404 of the National Housing Act, the additional premiums in the nature of prepayments are to cease permanently when the primary reserve is, at the close of any December 21, at least 2 percent of the insured accounts and creditor obligations of all insured institutions. When this occurs, regular premiums are to be omitted for years beginning with May 1 following such a close.

Also, under the first sentence of subsection (g) of section 404, if at the close of any December 21, the 2 percent referred to above has not been reached but the aggregate of the primary reserve and the secondary reserve is at least 2 percent of the insured accounts and creditor obligations of all insured institutions, the prepayments are dispensed with during the year beginning with the next May 1, and during that year insured institutions may use their pro rata shares of the secondary reserve toward payment of their regular premiums for premium years beginning in that year. This situation is thereafter to continue until the prepayments permanently cease or until, at the close of a December 31, the aggregate of the two reserves is not at least equal to 1¾ percent of the insured accounts and creditor obligations of all insured institutions.

The basic effect, therefore, of section 5 of H.R. 15091 would be to bring the reserve ratio in the regular premium to 2 percent by December 31, 1969, and advance by a full year the provisions of the law which terminate the required prepayment of insurance premiums. Thus, savings and loan associations in 1970 would not be required to make prepaid premiums and could use existing prepaid premiums to pay regular annual premium requirements.

The economic impact as far as the home mortgage market is concerned would, therefore, be as follows:

Savings and loan associations insured by the FSLIC make regular premium payments of over $100 million a year and prepaid premiums, depending on savings growth, of between $100 million and $200 million a year, so that the effect of the amendment would be to achieve a cash savings of several hundred million dollars, which would be available for home mortgage lending.

The fourth vehicle in the bill increasing mortgage liquidity permits banks to offer 90 percent loans and 30-year mortgages on the purchase of new houses. It is hoped that by increasing the attractiveness of the loan terms, banks will apply a greater share of their loans to home mortgages.

These four provisions, if passed and implemented immediately, will have a positive impact on the ailing housing market. Together they represent a concerted attempt to pump some much needed liquidity into a component of our economy that has almost all but dried up.

None of these measures can be considered inflationary. All utilize established vehicles and present resources in an attempt to redirect capital into an area of critical need.

The standby credit control provision of the bill will be the most controversial. The President has already indicated he will not use them.

Yet there is considerable evidence that certain selective controls are critically needed. At the beginning of my remarks I quoted the Economist's view that we are in a "cost-push" inflationary cycle. High costs are spiraling the cycle ever upward. During the Los Angeles hearings, one noted economist from Occidental College suggested this type of cycle breeds what he called an "inflationary psychology."

No matter how tight money, or high the interest, he said, consumers will buy now rather than postpone their purchase because they are afraid that a postponement will cause them to pay a higher price for the product later. Inflationary pressures, according to this "psychology" cause people to buy since they do not believe prices will be coming down. This type of psychology is feeding inflation.

In order to dampen this type of spiraling consumer spending, selective credit controls could be utilized. A consumer rarely considers the high rate of interest he pays on a short term loan for the purchase of nondurable goods. His major concerns are the down payment, and the monthly payments. Both of these should be increased on a selective, short term basis until consumer spending subsides.

There is ample precedent for these types of selective controls. These tools should be available to the President for utilization when he considers the situation warrants such controls. The President, having a broader range of inflation controlling tools at his disposal, will be able to balance his policy rather than continue with the heavy handed approach he is now embarked upon.

The bill we are discussing today is timely—in fact it may be overdue. It covers a lot of territory—territory that has been carefully examined and reexamined by the Banking Committee.

Our economy is sick and the present prescription is not working. It is now time for a new diagnosis and remedy. H.R. 15091 is part of the remedy.

The excerpts from the Los Angeles testimony follow:

STATEMENT OF GILBERT W. LINDSAY, COUNCILMAN, NINTH DISTRICT, CITY OF LOS ANGELES

Mr. LINDSAY. Thank you, Mr. Chairman Patman, Mr. Gettys, and my very good friend, Mr. Hanna.

Mr. HANNA. Thank you, Gil.

Mr. LINDSAY. It is indeed a great pleasure to have this opportunity to appear before you at your invitation which I am glad to hold in my hand. I am very happy that our very fine representative in Congress from California is here, Mr. Hanna, a friend of all of the people here in Southern California and well loved.

Mr. Chairman and honorable members of this committee, it is an appreciated honor to come before you to present what I believe to be the honest feelings and desires of the citizens of the Ninth Councilmanic District of the City of Los Angeles—incidentally, while I'm elected and speak primarily for the Ninth Councilmanic District, which includes the total eastern part of the city and all of downtown Los Angeles, I speak for the total City of Los Angeles having been elected by the people of this city—with regard to the items communicated in your communication to me in November of this year.

Mr. Chairman, as you know, persons who live in what has been revealed as a depressed areas, are affected most severely by inflation. We have a large number of senior citizens who live on fixed incomes. As a consequence, inflation reduces their buying power. The homes in which many of these senior citizens live are in need of repair, paint and other rehabilitative measures because of inflation and because of their low, fixed income, these persons are unable to borrow from the major lending institutions to bring their property up to standard.

As indicated when speaking of inflation, senior citizens as well as those young people who are just beginning family life find themselves strapped and frustrated because of the inflationary spiral has pushed the interest rate on both consumer goods and home financing out of reach of the average person. Even if there were institutions willing to lend money, the interest rate makes borrowing prohibitive. As of this date, especially in my district where the 1965 riots affected greatly the business and efforts of many entrepreneurs, we find ourselves sadly lacking in those businesses and agencies that make a community vibrant.

Mr. Chairman, between First Street and Central Avenue completely to the end of my district, going south to Florence Avenue, which is 7200 South, there is not one theatre south of Seventh Street; there is not one bowling alley within that specified area and no skating rinks; there are few, if any, first-class restaurants that the average person could afford to patronize.

So great has been the frustration that it is difficult to interest the people in organizations and programs designed to alleviate these conditions. I would also like to call to this committee's attention the great number of home owners who are in serious trouble because of lack of funds for rehabilitative repairs and over-extension in the area of mortgage or credit buying. If there are any supportive measures that could be brought into play to assist these people and other people like them, I would consider a visible demonstration of the true democratic process that made our country the greatest in the world.

Again, I wish to thank this committee, and you, Mr. Chairman, for having been allowed to make this brief, but very serious and honest appraisal of the effects of inflation, high interest rates, tight money, rising consumer prices and the scarcity of mortgage credit in the Ninth Councilmanic District of Los Angeles. And I might add in the total City of the Angels.

Thank you very much, Mr. Patman, Mr. Gettys, our distinguished friend Congressman Hanna.

Chairman PATMAN. Thank you very much.

We have as our next witness the distinguished Mayor of the City of Los Angeles.

Mr. HANNA. Would the gentleman yield.

Mr. Chairman, I would like to extend a personal welcome to Mayor Sam Yorty.

Chairman PATMAN. Certainly, sir.

Mr. HANNA. And, I am sure you remember that he was one of our colleagues back in Congress, and we are delighted to be back with you. And I ask unanimous consent that the Mayor's presentation appear at the first place in the record of this committee.

Chairman PATMAN. Without objections so ordered. He was listed first, but he was unavoidably detained. We are very glad to have you, and we greet you too as a former colleague whom we remember so well in Congress. We have been missing you the last few years, but you have been doing a good job as a Mayor of the great City of Los Angeles.

STATEMENT OF CHARLES R. LEMENAGER, DIRECTOR, CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Mr. LEMENAGER. Mr. Chairman, Mr. Gettys, Mr. Hanna, it is certainly a pleasure being here today, and I want to thank you for allowing me to summarize my remarks very briefly, and I will file the report with the committee staff.

You have heard a lot of people in these hearings tell you about the housing crisis that we are involved in. And California certainly is a very typical state as far as the housing crisis is concerned.

As we travel around California, we find vacancy rates in our metropolitan areas of one percent; one and a half, half a percent, and this is presenting some very serious problems for our lower income people, but it just isn't limited to low and moderate income people. It is affecting some of the upper income or average income people so far as mobility is concerned, because our housing experts all agree that we need a vacancy rate somewhere in the area of five to six percent if we are going to have a healthy market and have the housing to take care of the mobility of the population.

Here in California we project our housing needs over the next five years as being somewhere around a million point three new units needed by the middle of 1975. And we are actually producing something like a million and a half, I mean 150,000 units right now, which means that we are producing only two-thirds the amount of the housing that we need to take care of the citizens. Obviously, we are going to have to increase our production. And we have seen some breakthroughs here in California. We are on the verge of some breakthroughs as far as construction and production is concerned so far as factory-built housing. We just passed a law in the legislature, the first of its kind in the United States, where state government will preempt local government so far as housing needs are concerned and is going to allow factory production of housing. It is going to help expand the labor market. One of the big things we can see in terms of shortage is a shortage of skilled labor in terms of the amount of production that we are going to need. And so we——

Mr. GETTYS. Does that include mobile homes?

Mr. LEMENAGER. Yes.

Chairman PATMAN. Prefab housing of all types, I assume.

Mr. LEMENAGER. Yes. Our state has preempted mobile homes up until now but now we have expanded that into factory built housing so as to—see, California has a minimum housing code but we also have strong home rule which means many of our communities have a variation in their code. Or even if they have a uniform code, they have a variation in their administration and interpretation of the code. So it's been virtually impossible for fabricators to come in and really produce it in the numbers that they can in the various jurisdictions because of this variation.

Chairman PATMAN. What you are talking about is prefab houses.

Mr. LEMENAGER. Yes, sir.

Chairman PATMAN. Prefabricated. That applies to mobile homes as well as the conventional type homes?

Mr. LEMENAGER. Yes, sir. So the way has been cleared, and we are on the verge of a breakthrough there. But we are going to need some real breakthroughs in housing economics and finance as you well know. That the state can't do too much about that, and that is why I am glad to see this committee here getting all the testimony and getting as many people involved as possible.

We feel that, number one, we have got to curtail inflation, and we have got to in turn permit a reduction in interest rates from their current unprecedented high levels. And

so we would strongly favor that the federal budget be kept in surplus, which this we feel is number one.

We feel that investments by mortgage oriented-savings institutions must be made competitive with other savings and investment opportunities. And we feel that the pension and trust funds, which represent a tremendous source of capital for mortgages, be brought into the housing credit field in meaningful amounts. So in those lines we would suggest that the arrangements or the regulations governing the selling of long term mortgaged securities should be issued just as soon as possible in order to attract more pension and trust fund investment in the public home mortgages.

We also feel that the competitive position of the savings and loans should be strengthened by allowing these thrift institutions a spread of one percent in all their saving instruments over the rate now permitted commercial banks.

And fourth, we feel that to help prevent disintermediation for mortgage-oriented institutions, federal agency issues should be reserved for the major money markets and not sold in denominations of less than $25,000.

Congress must give housing a higher priority in their appropriations also. We strongly urge that Congress appropriate the full amount requested at least by the Administration for HUD housing assistance programs.

And last, but not least, we strongly agree with a previous witness that I just heard in terms of a loss of accelerated depreciation we feel could be disastrous as far as this section 236 housing program, which is just barely beginning to get off the ground. And also the National Housing Partnerships would obviously be nowhere if we didn't have that accelerated tax depreciation. So those two programs hold great promise for developing publicly assisted housing, and we would like to see funds appropriated to them. And we would also like to see the tax retained on accelerated depreciation. Those are my remarks, in brief, sir.

STATEMENT OF JOSEPH E. HARING, CHAIRMAN, DEPARTMENT OF ECONOMICS, OCCIDENTAL COLLEGE

Mr. HARING. We are very pleased to be here, Congressman Hanna, and happy to give you our testimony about tight money.

My name is Joseph Haring, and I am Chairman of the Department of Economics at Occidental College, and my colleague, Joseph Humphrey, is Dean at Occidental College.

We have been making a study of monetary policy in recent years and have spent the last couple of years on some special studies and are convinced that neither fiscal policy nor monetary policy as it is presently written in the laws and in the practices of our institutions will control inflation. Raising taxes and raising the interest rate and exercising tight money policy succeeds in reducing employment, creating unemployment perhaps but doesn't have any noticeable effect on prices even though these two policies have been devised with the purpose of controlling prices. And the reason that prices are not controlled, we believe, is that the consumer has, and the investor have an inflationary psychology about spending. They believe that it is better to spend now because tomorrow prices will be higher. And the facts that have been accumulated since 1960 bear this out.

The rate of inflation makes the cost, the effective cost of borrowing money not significantly different from zero. And if they are thinking about housing, the rate of inflation far surpasses the rate of interest. They are better off to buy now and worry about the future later. But our principal point would be that——

Mr. GETTYS. Mr. Chairman, could I interrupt there?

Mr. HARING. Yes, sir.

Mr. GETTYS. As a professor of economics, what do you think of the theory of the inflation psychology? Do you think that the individual is right in coming to the conclusion that it is not going to get any cheaper?

Mr. HARING. Well, unless Congress writes some new laws, and he's probably very wise to borrow money. Unless you write some new laws to change our monetary institution, everybody with a little bit of knowledge about the subject is going to keep on borrowing and spending and creating more inflation.

Mr. GETTYS. You think he's making a wise choice?

Mr. HARING. Yes, unless something changes. Up to now, the facts have supported him that he was very wise.

Mr. GETTYS. I agree with you.

Mr. HARING. And the problem with tight money is that it has a very differential effect on borrowers. The big corporations can borrow at will at the prime rate and the banks dare not restrict them. Consumers can borrow at will up to and often far beyond their credit standing, because the banks make so much money lending to them. And the people who get squeezed are the home buyers and the small business men who do not have A–1 credit rating. The banks because we have tight money feel forced to restrain their loans. The only people that they put it out to are the small business men and the home buyers and that means that the tight money presses unfairly, in a grossly unfair manner on these two sectors and scarcely touches the big spenders, scarcely touches the people with deeply imbued inflationary psychology at all.

And I have got a suggestion to make about what kind of law Congress ought to write to alleviate or reduce this inflationary psychology, inflationary psychosis, and the suggestion is that Congress write laws that provide guidelines for the Federal Reserve system to exercise monetary policy, that the proposal for a national commission on financial institutions that you among others, Congressman Hanna, recommended actually be put into life. And consider this, that interest rates should be indexed, tied to the price in connection, to the consumer price index in the United States. That is to say if the going rate of interest were five percent and we had six percent inflation like we did last year, then the borrower would have to expect to pay 11 percent on his money. If we had no inflation, we might only have to pay five percent. If prices went down, we might have to pay four percent or three percent. And that would take all the speculative joy out of those people who borrow at fixed rates of interest and invest in a highly inflationary economy.

And it would by law require the banks to treat everybody equally according to this index formula and stop the rationing process that has a very unequal effect, a very unequal impact on borrows.

Mr. GETTYS. Right there, I believe right now we are considering the allocation of credit, and you are talking about a reverse discrimination sort of situation there, aren't you?

Mr. HARING. As a matter of fact, the current laws written by Congress give banking a strong incentive to ration money to their best customers, and their best customers are not home buyers. The best customers are not the small businessmen and so they suffer.

Mr. GETTYS. They allocate it to places where the interest rate is higher if you get the money, and then where it hurts the little man.

Mr. HARING. That is right, where it will hurt the small businessman and the home buyer but it doesn't hurt the big corporations and it doesn't hurt the free-spending consumer who is buying beyond his head sometimes.

Mr. HANNA. But it does provide read out, as these ladies have testified, of prices which then hit upon the man who really doesn't have much credit at all, which is the poor man.

Mr. HARING. That's right. You squeeze the businessman and the home buyer. You don't affect the consumer at all. In fact, he gets it from the inflation in spite of the tight money which is supposed to be stopping inflation, which it does not stop inflation in this world of ours.

Mr. GETTYS. And you would restrict rather severely the so-called independence of the Federal Reserve Board, right?

Mr. HARING. No. I think that they ought to be independent, but you ought to give them some guidelines. They need to have some guidelines about how much money they should create and within what ranges the lending should occur, and the principles on which members should lend, particularly that the bonds and houses and other forms of debt securities be indexed, so that the speculator cannot cover up his sins and mistakes and errors and carelessness with inflation.

Mr. GETTYS. You have a very interesting theory. I am delighted to hear it.

Mr. HARING. We have written it out and given it to your staff. I hope you will include it in the testimony.

Mr. HANNA. We certainly will. We will include it in the record following both of your statements.

Mr. HARING. Now, Dr. Humphrey has a statement he would like to make.

PATTERSON UNIFIED SCHOOL DISTRICT,
Patterson, Calif., November 24, 1969.

Mr. MONROE SWEETLAND,
National Education Association,
Burlingame, Calif.

DEAR SIR: The Patterson Unified School District voters approved a $1,880,000 bond issue on May 20, 1969 at a legal maximum interest rate of 5 percent. In spite of every effort at our disposal, we have not been able to sell the bonds and there are no prospects that we will.

The situation in the District is serious. Classes are meeting in multipurpose rooms and other areas not adequate for classrooms.

Many of the buildings were constructed prior to the Field Act. As an example, the high school was erected in 1914 and a large elementary school in 1921.

When the high school was built in 1914, it contained eight classrooms. Today the same building houses fifteen classrooms in the basement and other areas not adequate for classrooms.

Yours very truly,

EUGENE MAXWELL, Ed. D.,
District Superintendent.

ESCONDIDO UNION SCHOOL DISTRICT,
Escondido, Calif., November 25, 1969.

Mr. MONROE SWEETLAND,
National Education Association,
Burlingame, Calif.

GENTLEMEN: Following are our answers to the two questions asked in your letter of November 20:

1. We have $2,000,000 of unissued five percent interest bonds, passed by the voters April 15, 1969. We are presently attempting to sell through the San Diego County Board of Supervisors $385,000 of these bonds.

The Bank of America, our only buyer, has written a letter saying they will not bid. The Board of Supervisors has tried to discourage us, but our Governing Board is going ahead, mainly to prove the voters that five percent bonds will not sell.

2. The Escondido Union School District is growing at the rate of about one school every

eighteen months. We are already six or eight months behind in our schedule, due both to our and the State's bond selling ability.

Our need for new bonds (seven percent interest bearing) is urgent. We intend to have another bond election on March 17, 1970, probably for $2,000,0000 again. We must have salable bonds in order to stay bonded to capacity (five percent of our assessed valuation) in order to qualify for State Aid funds.

By the time our bond issue is passed and the bonds have been sold we will be over a year behind our building needs, and we will have additional double sessions above the 35 or 40 we now have.

Very truly yours,

T. F. MILLER,
Finance Director.

SAN JOSE UNIFIED SCHOOL DISTRICT,
San Jose, California, November 21, 1969.

Mr. MONROE SWEETLAND,
Legislative Consultant, National Education Association, Burlingame, Calif.

DEAR MR. SWEETLAND: In reply to your communication of November 20 relative to the ability of this district to sell bonds, we can indicate that of a $9,500,000 bond issue voted in February 1969, we have been able to dispose of only $2,500,000. This bond issue was voted to replace schools that do not comply with the California Field Act. Consequently, failure to dispose of the bonds at the current five per cent limitation makes it impossible for us to proceed with the implementation of replacing these pre Field Act schools.

Obviously, the district would welcome any effort on the part of the federal or state government that would make it possible to dispose of these bonds.

Sincerely yours,

GEORGE M. DOWNING,
Superintendent of Schools.

NEWPORT-MESA
UNIFIED SCHOOL DISTRICT,
Newport Beach, Calif., November 26, 1969.

Mr. MONROE SWEETLAND,
National Education Association,
Burlingame, Calif.

DEAR MR. SWEETLAND: The following information is submitted in reply to your letter of November 20, 1969.

In February, 1969, voters of the Newport-Mesa Unified School District approved a fifteen million nine hundred thousand dollar bond issue. Since that time, the district has been able to sell only six million nine hundred thousand dollars and this on a single and, we believe, somewhat gratuitous bid from the Bank of America of exactly 5%, the maximum authorized interest rate. We now see no possibility whatever of selling the remaining nine million dollars at 5% interest in the foreseeable future.

This is a growing school district and sale of the remaining bonds in the immediate future is essential if the district is to provide adequate facilities for a steadily growing enrollment.

On February 10, 1970, the district is going to seek voter approval for the sale of the remaining nine million dollars in bonds previously approved at an interest rate not to exceed 7%, the newly established maximum allowable in the State of California. Should voter approval not be forthcoming, the district's ability to meeet the educational needs of the community in the near future will be severely impaired.

Sincerely,

ROY O. ANDERSEN,
Administrative Assistant, School Facilities.

EVERGREEN SCHOOL DISTRICT,
San Jose, Calif., November 24, 1969.

Mr. MONROE SWEETLAND,
Legislative Consultant, National Education Association, Burlingame, Calif.

DEAR MR. SWEETLAND: In answer to the questions in your letter of November 20, 1969, regarding the delay in needed school construction due to the inability to sell school bonds at the current interest rate, I submit the following:

1. We have not been able to sell the bonds which the voters authorized by an 84% approval at the April 15, 1969 election due to the fact of the limit of 5% interest. However, we are holding an election on December 9 asking the voters to increase the interest rate to 7% on those bonds authorized at the April 15 election.

2. Our construction needs are very urgent. We are a fast growing school district experiencing additional enrollment of 500–600 children each year. Therefore, we need to build a minimum of one school building or 30,000 square feet of classroom space per year. Currently, we had planned to call for bids on 30,000 square feet of space in October or November, but, unfortunately, due to the inability to sell local school bonds and the State's inability to do the same, our school building program is at a standstill.

Our District is located on the southside of San Jose in an area which has been primarily agricultural oriented, however, it is rapidly becoming a suburban area of San Jose. In the past 7 years we have constructed 6 schools and during the period of 1970–1975, we expect to build or have need to build an additional 10 schools. Our enrollment is estimated to be 9,416 in September 1976.

Enclosed is a copy of our letter to Parents and Voters used in the April 15, 1969, Bond Election Campaign.

Sincerely,

GEORGE V. LEY VA,
District Superintendent.

Mr. FULTON of Tennessee. Mr. Chairman, there is strong medicine in this legislation before us to help remedy the serious illness which afflicts America's housing industry.

The housing picture in America is a shambles. We have a national housing goal of 2.6 million units. However, it looks as though our actual production for this year is going to fall below 1.4 million. This situation is intolerable. It has depressed the housing industry. It has seen interest rates skyrocket. It has caused unemployment. It could adversely affect the entire economy.

While every consumer in America feels deeply the pressure of rising inflation, it is the housing industry and the home-buying public which feels most deeply the effects of the tight money policy which is being used to combat inflation.

This legislation before us does more to alleviate the latter than any brought before this body to date. At the same time, I believe it seeks to hold in balance current efforts to stem inflation through monetary and fiscal policy.

The bill, of course, goes beyond housing. It is also designed to fight inflation and assist small business and employment.

Nonetheless, the provisions relating to housing are of great importance and worthy of favorable consideration.

The first provision would create, through the regional banks of the Federal Home Loan Bank System, a secondary market for home mortgages. This is very similar to legislation which I am sponsoring and I am delighted to see it incorporated in this bill. Though there is no way to determine exactly the dollar impact this provision will have on the homebuilding industry, the committee has stated the figure, "could be in the billions of dollars."

The second provision would change the insurance premium accounting for the Federal Savings and Loan Insurance Corporation which, in effect, would free several hundred millions of dollars to the savings and loan industry, making these funds available for home mortgage lending.

A third provision would further increase the amount of funds available for home buying by permitting national banks to grant mortgage loans of up to 90 percent of appraised value over 30 years. The current regulation permits only 80 percent financing over 25 years.

The final provision would increase the insurance coverage on deposits in federally insured banks and shares in federally insured savings and loan associations. The increase would be from the current $15,000 to $25,000. This is designed to attract more funds into these institutions, making them available for residential home construction.

Mr. Chairman, for several months now there has been a great deal of discussion and expression of commitment in the Congress over the need for independent action on the part of the legislative branch to ease the credit squeeze which has all but paralyzed the homebuilding industry.

This bill is designed to do just that. Perhaps more is or will be needed. Nonetheless, passage of this legislation would be a fine start. I urge favorable consideration.

Mr. BRASCO. Mr. Chairman, I rise in support of H.R. 15091.

The time has come for Congress to take strong and unequivocal action to curb inflation while at the same time providing immediate assistance to areas of our economy which are in a depressed state. These include particularly the housing industry and small business.

The present administration's policy of fighting inflation is a very unsophisticated and uneven one. It consists of a very tight money policy and across-the-board budget cuts. This has a very uneven impact on our economy. Big business and big banks have simply raised money by selling commercial paper at very high interest rates. Commercial banks have also raised billions of dollars worth of funds at very high interest rates in the Eurodollar market. Many of these same banks have used funds raised in this way for unproductive purposes such as providing funds for takeover bids by conglomerates and lending money for stock market speculation.

At the same time the housing market is in a virtual depression because it has no readily available way to raise funds at such high interest rates.

What this bill does is to give the administration the tools it needs to curb the inflationary use of credit, while at the same time providing for adequate sources of credit to depressed areas of our economy such as the homebuilding industry and small business.

The time for talk is over. The time for forceful congressional action is upon us. Therefore, I urge the adoption of H.R. 15091.

Mr. REES. Mr. Chairman, section 4 of the bill before us, H.R. 15091, is, in my opinion, a most important section of this legislation. This section, too, has been condemned by our minority brethren

because they argue that hearings have not been held on this concept.

It takes no genius to read this short section of the bill and understand what is its intent. For those of us familiar with housing legislation, it will become readily apparent that this section is very similar and almost identical to the law which gives FNMA the authority to deal in the secondary market for the purchase and sale of FHA and VA insured mortgages.

This section of the legislation would provide the Home Loan Bank Board with the authority to engage in secondary mortgage market operations involving exclusively insured institutions of the FSLIC and FDIC.

The minority views on this legislation uses such horrendous scare words as "bail out," "irresponsible," and other scarey demagoguery verbage. We are told in the minority views that an irresponsible board could bail out a wide variety of home lenders "stuck with billions upon billions of dollars of low interest rate mortgage." I do not consider Dr. Preston Martin, Chairman of the Federal Home Loan Bank Board, irresponsible, nor do I consider the savings and loan industry irresponsible. This legislation provides another tool for the home loan bank system to help assist the home mortgage market—nothing more, and nothing less.

The minority condemns this language because there is no legislative history in back of it. Further, they say that the language contained in the bill before us on this section is incomplete. If it is incomplete, then the law regarding the Federal National Mortgage Association is incomplete. And, I do not think our minority friends would make this argument because they fully supported the legislation which changed the Federal National Mortgage Association into its current mode of operation.

Further, we are led to believe that there is no support for this legislation. However, the savings and loan industry itself supports this legislation and perhaps if our minority friends had taken the time away from their efforts to write demagoguery speeches on this legislation to read this morning's Washington Post, they will find that the Chairman of the Federal Home Loan Bank Board, the Honorable Preston Martin, in a news conference yesterday stated:

> The Home Loan Bank Board . . . is eager to establish a secondary market for conventional mortgages.

The news story goes on to say that Preston Martin said:

> The Federal Home Loan Bank Board would begin detailed planning for such a market if authorizing legislation currently before Congress is passed.

The language and scare tactic used by the minority in their views on this section of the legislation before us attempts to tell us that we do not know, and have no idea as to how this secondary market will operate. Certainly, the experience of FNMA and its ability in the current tight money market to, in fact, keep the FHA–VA home mortgage market alive almost single-handedly is experience enough to provide the Home Loan Bank Board with a model for its operations.

The auction system which FNMA has designed functions well. The same system could be available to the Home Loan Bank Board. This procedure provides complete equality and arms-length bargaining. No savings and loan association would have to sell its paper to the Home Loan Bank Board secondary market operation unless it wanted to. The Home Loan Bank Board, in creating its secondary market operations, need only accept for purchase that paper which it cared to under the rules and regulations it would promulgate.

Mr. Chairman, H.R. 15091 is good legislation in its entirety, Section 4 of the bill, which would provide the home loan bank system with secondary mortgage authority, is excellent legislation, in my opinion. To repeat, it is supported by the Federal Home Loan Bank Board, as announced by its Chairman yesterday. It is supported by the savings and loan industry. We have not heard—and there has been ample time to hear it—any opposition to this section of the bill, except that contained in the minority views in the report on this legislation and I, for one—as I am sure most Members of this House will have to agree—cannot accept the demagoguery contained in the minority views on this subject, but must accept the intrinsic logic and reasoning behind this legislation which will assure an increase in the amount of funds made available for home mortgage lending.

Mr. BROYHILL of Virginia. Mr. Chairman, one of the most serious problems confronting this Nation today is the acute shortage of housing. In our efforts to curb the devastating inflationary spiral, the housing and mortgage industry seem to be the only segment of the economy bearing the brunt. Unless some relief is provided in the near future, I feel that the damage caused by efforts to prevent inflation are going to be greater than the results of inflation itself.

I received a letter from a friend of mine of many years who is a prominent builder as well as mortgage banker in northern Virginia who makes an accurate examination of this problem. I feel it may be helpful to my colleagues to review Mr. Arthur Pomponio's letter, which follows:

FIRST FUNDING CORP.,
Arlington, Va., December 5, 1969.

Hon. JOEL T. BROYHILL,
Member of Congress,
Rayburn House Office Building,
Washington, D.C.

DEAR JOEL: As you know, I have been a builder and mortgage banker in the Northern Virginia area for the past thirty-three years. I have been dedicated to the purpose of providing individual housing and multiple housing for a multitude of people all through these years.

I am in complete sympathy with the problems of inflation and the multitude of problems confronting the leaders of our Country. All of you at the moment are deeply involved with pressures and considerations for changes of our tax laws, but it appears to me that no one wishes to recall that our forefathers left Europe and came to this great Country because of a very fundamental necessity of life; housing, known as shelter, and a stake in it.

America provided this opportunity for this huge immigration and now our children and their children expect this in a normal way of life in this Country of ours.

Wed to this concept with the incentive of free enterprise and the profit system in America, the realization that this aspect was a necessity to encourage the businessmen to invest heavily in shelter has made America the only Country in the world with the largest degree of decent housing whether individual or multiple, owned by our people.

Now with the hysteria of less than 100 people who did not pay taxes, and careful examination will indicate that their investments were not in the real estate field, our leaders are willing to sacrifice the existing tools that encouraged and provided millions of jobs in an industry that must be vibrant, must be committed by our leaders such as yourself, as a number one must in this Country.

I have read volumes of testimony by a multitude of experts, some who were knowledgeable in this field and some who are dedicated to the principal of destroying anything good in America. The experts who have lived with this industry have all concluded their testimony that our leaders must broaden the tax benefits as related to housing or we will find ourselves in such a critical housing crunch that exists in a multitude of our cities and creeping into our urban areas even now.

I ask you to test the market right here in the Metropolitan Washington area. Hear with your own ears as to what type of individual housing is available for rent or sale and/or what is available in the multiple housing market. You will be astounded to find that if all of you leaders destroy the tax benefits as presently exist, our Government, like that of England and France, will be the principal landlords or we will truly have a revolution on our hands.

As a man who has been dedicated to the purpose of assisting a multitude of others in providing sound, reasonable shelter, I beg that you investigate the crippling effects that the law, as suggested by the Senate and which the Senate is presently considering, which will be disastrous.

I do not write as a greedy, disgruntled citizens, but as an individual who is proud to be part of this great Country of ours. Let not the possibility of a few extra votes distort sound thinking on your part. Weigh the pros and cons before a vote is taken on this most vital issue.

With kindest personal regards,

ARTHUR POMPONIO,
President.

Mr. FEIGHAN. Mr. Chairman, more than ever before people everywhere have been confronted with the disappointments and frustrations brought on by our continuing inflation. The inflationary spiral which has reached alarming proportions, has affected even those who confine their purchases to the supermarket. The skyrocketing prices of food are perhaps more noticeable because so many more people are affected.

The legislation we are considering today contains several anti-inflationary measures which will be of great assistance to the homebuilding industry, savings institutions, small businesses, and the hundreds of thousands of Americans who are now kept from gainful employment as well as the millions of Americans who exist at the lower end of the economic scale.

The bill authorizes the Federal Reserve Board to impose reserve requirements and other controls over commercial paper and Eurodollar borrowings by commercial banks. H.R. 15091 liberalizes restrictions on mortgage lending by national banks and allows Federal home loan banks to provide additional funds

to savings and loan associations for conventional mortgages. In addition, the bill provides the President with discretionary authority to authorize the Federal Reserve Board to control expansions of credit, including bank business lending found to be unnecessary. Other provisions will extend existing authority for establishing maximum rates of interest that banks and savings and time deposits; increase the maximum limit of Federal Deposit Insurance Corporation and Federal Savings and Loan Insurance Corporation insurance from the existing $15,000 to $25,000; direct the President to release $70 million voted by Congress for small business activities to the Small Business Administration for lending to small business investment companies.

H.R. 15091 is most timely and demands our unqualified support.

Mr. DONOHUE. Mr. Chairman, this bill, H.R. 15091, is a very timely and well-directed legislative effort to further our urgent national objectives to more rapidly and sensibly curb inflation, reduce astronomical interest rates, revive the faltering housing industry, eliminate the growing despair of small business and prevent threatening unemployment expansion.

A great many economic authorities are warning us that the present inflation control policies of tight money and high interest rates are too restricted, too little and too slow to do the job that must be done without inviting the visitation of extreme hardships upon millions of American families and numerous businesses and industries, particularly small business and the housing industry.

This measure is designed to prevent any further deteriorating developments in our faltering economic stability by the application of several tempering provisions that would—

Authorize the Federal Reserve Board to impose reserve requirements and other controls over commercial paper and Eurodollar borrowings by commercial banks;

Liberalize restrictions on mortgage lending by national banks;

Allow Federal home loan banks to provide additional funds to savings and loan associations for conventional mortgages;

Provide the President with discretionary authority to authorize the Federal Reserve Board to control expansions of credit, including bank business lending found to be unnecessary;

Extend existing authority for establishing maximum rates of interest that banks and savings and loan associations can pay on savings and time deposits;

Increase the maximum limit of Federal Deposit Insurance Corporation and Federal Savings and Loan Insurance Corporation insurance from the existing $15,000 to $25,000; and

Direct the President to release $70 million voted by Congress for small business activities to the Small Business Administration for lending to small business investment companies.

Mr. Chairman, there appears to be very little doubt that the present trend of our ever rising inflation and ever higher interest rate economy is in further need of prompt and reasonable restraint and repair. The testimony and voices of many of our leading economists have recommended the adoption and application of the remedial provisions outlined above. In order to restore national confidence by lightening the burden and anxiety of our working people in trying to provide for their families, strengthening small business, and reviving the housing industry and its related industries, I hope that this promising proposal will be accepted in substance and approved by the House.

Mr. ASHLEY. Mr. Chairman, I noticed in the December 15 issue of the New York Times a large advertisement by a savings bank offering free gifts for the opening of a savings account, which are of such retail value that I am fearful that they violate the congressional intent of regulating interest paid to depositors under regulation Q.

These gifts are offered under New York Banking Department regulations and are available on accounts of $100 or more and $1,000 or more. The wholesale value of the gifts appear to be a 1-percent addition to the interest paid, or possibly more. The retail value, of course, would be substantially higher.

For $1,000 accounts they offer 17-jewel watches, luggage, toasters, and blenders. For accounts of $100, they offer radios, clocks, and so forth. These gifts are in addition to the 5-percent interest these banks pay.

If regulation Q is to be effective then the Federal Government must place some reasonable limit on the value of giveaways. The regulations should not only be reasonable but should also be uniform. In other words, they should apply to commercial banks and savings banks alike, as well as savings and loan associations. For example, the regulations of the Federal Home Loan Bank Board limits the value of a giveaway to $2.50. On the other hand, I know of no such similar regulations by the Federal banking agencies.

I am informed that the banking agencies are looking at this problem and are hopeful that a uniform regulation can be promulgated. I fully believe that such a regulation is long overdue and they should be adopted immediately in order to prohibit the circumvention of regulation Q. In a competitive economy such additional payments for savings will grow by leaps and bounds. Already we have heard rumblings from other States that banks expect to offer giveaways at retail values of $30 and $40 and more. Now is the time for the Federal Government to halt such distortions of the intent of Congress and to place uniform ceiling on gifts that may be offered by all financial institutions.

Mr. OTTINGER. Mr. Chairman, I rise in strong support of H.R. 15091 as reported by the Committee on Banking and Currency under the leadership of its chairman, the gentleman from Texas (Mr. PATMAN). I urge my colleagues to defeat attempts to emasculate its provisions, so essential to housing and small business programs.

This legislation is an effective and meaningful attempt to undo the terrible damage wreaked upon the housing industry by the administration's economic policies. In its attempts to curb inflation, the administration has brought the housing industry to the brink of a recession that will be averted only by passage of the bill before us.

By overreliance on monetary policy, the administration has forced interest rates to record levels, and at a time when 4.3 million substandard housing units scar our urban areas, new housing construction is at a virtual halt for lack of mortgage funds. The effects are being felt throughout the economy.

No fancy J. Walter Thompson labels such as "Protest Breakthrough" can obscure the fact that this administration is undermining our national housing goal.

H.R. 15091 would help counteract the administration's misguided economic policies in the following ways:

First, by providing the Federal Reserve Board with the authority to impose reserve requirements and other controls over commercial paper and Eurodollar borrowings at fantastically high rates by commercial banks which add to the inflationary spiral in interest rates;

Second, by liberalizing mortgage lending restrictions for national banks so that these financial institutions will have an incentive to make home mortgage loans;

Third, by allowing the Federal Home Loan Banks to improve the conventional mortgage market through secondary mortgage operations, thereby providing additional funds to savings and loan associations to lend for housing; and

Fourth, by providing discretionary authority to the President to authorize the Federal Reserve to control unnecessary extensions of credit, particularly unnecessary consumer credit and unnecessary bank business lending. By this device the President, if he desires, could restrict lending to consumers and businesses only for essential purposes. For example, banks could be restricted to lending to businesses for productive economic purposes and not for such things as conglomerate business takeovers or unnecessary inventory buildups.

This legislation would also provide remedies for the administration's policy which has raised interest rates to all-time highs. It would do this by, first, extending existing authority for establishing maximum rates of interest that banks and savings and loans could pay on savings and time deposits; second, increase FDIC and FSLIC bank and savings and loan association insurance from existing $15,000 to $25,000. This would have the effect of encouraging deposits which could be lent for necessary uses, including home mortgages; and third, by increasing the amount of funds available for home mortgages, of course there would be an increase in residential construction, thereby taking this industry out of its recession and, of course, in the process increasing employment not only for home construction, but also for all industries which depend on sales to the home construction industry.

Finally, the administration's tight money, high interest rate policy has severely hurt small business in our coun-

try by closing off small business from a source of funds.

This legislation would direct the Executive to carry out the congressional mandate to the effect that $70 million of funds now available in the Treasury earmarked for small business activities be made immediately available for the Small Business Administration to lend to small business investment companies.

Mr. MATSUNAGA. Mr. Chairman, as one who is deeply concerned about the Nation's continued inflationary course, I rise in support of H.R. 15091, a bill designed to lower interest rates and fight inflation, and to help housing, small business, and employment.

Basically, the proposed legislation would give the ship of state a four-pronged thrust to free it from the economic shoals, where it is in danger of running aground, and send it into safer waters for smoother sailing.

First of all, H.R. 15091 would provide the Federal Reserve Board with necessary authority to impose reserve requirements and other controls over commercial paper and Eurodollar borrowings by commercial banks. Bank practices of borrowing at extremely high interest rates in this area have added to the inflationary spiral in interest rates.

Second, in order to encourage the making of home mortgage loans, the proposed legislation would liberalize mortgage lending restrictions for national banks.

Third, H.R. 15091 would allow Federal home loan banks to improve the conventional mortgage market by secondary operations. This provision is intended to provide additional funds for savings and loan associations to lend for housing.

Finally, the bill we are considering would give discretionary authority to the President to authorize the Federal Reserve Board to control unnecessary extensions of credit, particularly unnecessary consumer credit and unnecessary bank business lending. We would hope that the President, in the exercise of his sound discretion, would by this means help to restrict loans to consumers and businesses for essential purposes only.

H.R. 15091 also contains two ancillary remedies to curb rising interest rates, both of which are designed to encourage residential construction by increasing the amount of money available for home mortgages. The first of these remedies would increase to $25,000 the existing statutory limit of $15,000 for deposits insured by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation. It is anticipated that the raising of the level of maximum deposit insurance would encourage savings and provide lending institutions with increased funds for home mortgage lending.

The second remedy would extend existing authority for establishing maximum rates of interest that banks and savings and loan institutions are allowed to pay on savings and time deposits.

Mr. Chairman, as we direct our attention in the closing days of the first session of the 91st Congress to measures which are designed to halt continuing inflation and to avert a recession which appears to be just around the corner, let us not forget the Nation's small businessmen. In this age of conglomerates and corporate giants, small businesses, the sustenance of which is vital to our economic well-being, ought to be given necessary financial aid. Because of current tight money and high interest rates, small businesses are being cut off from available sources of funds. This bill would make $70 million of appropriated funds immediately available to the Small Business Administration for the purpose of making loans available to small business investment companies.

H.R. 15091 is the chart that will enable the Nation to steer clear of waters which would bring economic disaster. A safe course on that chart is clearly marked. To ignore that course would be foolhardy. Mr. Chairman, if we are to halt inflation and avoid economic disaster we are left with but one choice—and that is to pass this bill.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 15091

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—AMENDMENTS TO EXISTING ACTS

SECTION 1. So much of section 7 of the Act of September 21, 1966 (Public Law 89-597; 12 U.S.C. 461 note) as precedes paragraph (1) thereof is amended to read as follows:

"SEC. 7. Effective March 22, 1971,"

SEC. 2. (a) Paragraph (2) of section 14(b) of the Federal Reserve Act (12 U.S.C. 355) is amended to read as follows:

"(2) Under the direction and regulations of the Federal Open Market Committee, to buy and sell in the open market, or to deal directly with the issuing agency in the purchase and sale of, any obligation which is a direct obligation of, or fully guaranteed as to principal and interest by, any agency of the United States."

(b) It is the sense of the Congress that the authority conferred by section 14(b)(2) of the Federal Reserve Act be used to assist the Nation in meeting the housing goals contained in the Housing and Urban Development Act of 1968.

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of section 2 be dispensed with since it is printed in the bill.

Mr. STEPHENS. Mr. Chairman, is this section 2?

Mr. PATMAN. It is the committee amendment.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

On page 2, line 2, strike all of section 2.

Mr. PATMAN. Mr. Chairman, I would like to be heard in opposition to that amendment.

Mr. Chairman, this is an amendment to strike section 2. That was a close division in our committee. I think it is the most important provision in the bill, that and section 3.

The 14 members of the majority voted to keep this amendment, and 14 members of the minority voted to strike it out, but five members of the majority voted to strike it out, and that gave a majority, and it was stricken out.

The reason I think it should be kept in with the other parts of the bill is because it is all a package. It disturbs the package. The package here is to lower interest rates on housing loans. This section 2 provides the Federal Reserve will buy on the open market this paper, and then section 3 provides there will be $6 billion at the New York Federal Reserve rate, which is 6 percent. In other words, there is a definite reduction in housing paper right there. Nobody can dispute that.

There is an injecting of $6 billion into the housing market. There is no question about that.

So, Mr. Chairman, I ask that the House support the restoration of this provision, section 2; that section 2 be retained in the bill, and that we defeat the committee amendment.

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

Mr. Chairman, I urge the House to support the committee amendment, to vote aye on the committee amendment.

I would like to take a few minutes to explain just what is in the proposal we struck in committee. The proposal was to mandate the Federal Reserve to purchase $6 billion worth of home loan bank loans from the Home Loan Bank Board.

The chairman of the committee says this $6 billion purchase would reduce interest rates. I would reluctantly have to disagree. I think it is going to raise interest rates, and I will explain why.

The chairman stated in a colloquy with the gentleman from Louisiana on this floor that in order to acquire the $6 billion necessary to accomplish this transaction, they would have to create the money. There is an alternative route. They could refuse to buy $6 billion worth of U.S. Treasuries and force the Treasury onto the open market. If the Treasury has to go on the open market for $6 billion worth of securities, that will force interest rates up because of the additional demand on the money in this country.

The alternative route is worse. The chairman says we will have to create $6 billion. We will create it by printing it. The minute we take those notes, those $6 billion and add them to the reserve portfolio of the financial institutions of this Nation, that reserve portfolio is available then for direct loan to any area of the economy. The financial impact of creating $6 billion, using it to buy loans, and in turn adding this paper to the Federal Reserve System reserve account could be $40 to $50 billion.

We are not talking about $6 billion. We are talking about a whole lot more money than that in terms of impact. We are talking about an input of created money into this economy of a magnitude which could have as much as a 5 or 10 percent inflationary impact from that one input alone—5 or 10 percent on top of our current inflationary situation.

Gentlemen, that is irresponsible. That is irresponsible.

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

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

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

Would not the gentleman agree that to take the course of action which is con-

templated if the committee amendment is now sustained would be a direct reversal of the policy which presently prevails by this administration in the area of monetary restraint?

Mr. BROCK. Of course it would.

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

Mr. BROCK. I yield to the chairman.

Mr. PATMAN. The gentleman has emphasized too much creation of money. That is the only way the Federal Reserve has, just like the banks also create money.

Mr. BROCK. There is a difference.

Mr. PATMAN. May I continue?

Mr. BROCK. The banks are strictured by a limit on what they can create. The reserve requirements are set by the Federal Reserve. The Federal Reserve does not have a restriction and can create an unlimited amount.

Mr. PATMAN. If a person goes down to the bank and asks to get a $100 loan, then that person gives them a note and they give him credit, and he draws out $100 cash. The bank has the same in deposits. The assets of the bank have not been changed. He has gotten $100. That is creating money. That is the way the Federal Reserve does it, exactly the same way.

Mr. BROCK. That is right; that is inflationary. The only difference is that a bank can create money only up to a point, because the bank is required to maintain a fixed reserve behind deposits in the loan accounts.

Mr. PATMAN. That is correct, but as to the expansion the gentleman talks about, he brings up a good point about the reserves.

Mr. BROCK. When one adds money to the reserves of the financial structure of this country those reserves can be multiplied 6 or 8 or more times.

Mr. PATMAN. That is right; 22 times, sometimes.

Mr. BROCK. If we want to say 22 times, then this could have $198 billion worth of financial impact, with the passage of this bill.

Does the chairman seriously indicate something like that is feasible?

Mr. PATMAN. The Federal Reserve has the right to change the reserve requirements. If it begins to get inflationary they can raise the reserve requirements and hold it down. They have all that power. It is perfectly safe, I assure the gentleman.

Mr. BROCK. There is no assurance given that this will go into housing. But there is every assurance in the world that it is going to be inflationary. There is every assurance, and the gentleman knows that.

Mr. PATMAN. They have to put it into housing. Otherwise they would lose their privilege.

Mr. BROCK. I do not agree.

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

Mr. STEPHENS. Mr. Chairman, I rise in support of the committee amendment.

Mr. Chairman, I agree that what we are doing today is no way to legislate, but we are here, and we are legislating. The reason for how we got here seems to me to be rather immaterial.

The committee reported out a palatable bill. It was a palatable bill that had 20 votes for it. Because we had an amendment that knocked out section 2, which we are talking about specifically, and an amendment that knocked out section 3, which comes immediately hereafter, I and many others voted for the bill.

Section 2, which is at point right now, is only the authority for the Federal Reserve to invest in housing paper. That is already in the authority that the Federal Reserve has. There is no need to put it into this bill, because when we do, we tie it in with the next amendment, section 3, which is the amendment that requires the Federal Reserve to buy $6 billion worth of paper.

The original bill in 1967, which gave flexible rates authority to the agencies of the Government, was my bill. Mr. PATMAN in his bill that year added things that changed the Federal Reserve Board. The House did not accept those. The next year the chairman introduced my bill, and we passed it without any argument whatsoever about those flexible rates.

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

Mr. STEPHENS. I have only 5 minutes, but I will be glad to yield to you.

Mr. BARRETT. The gentleman knows that we need housing and it has to be low-cost housing in the farm areas, and we have supported the gentleman so that we could have low-cost housing in the farm areas. We are asking you here today to help us to get housing in the urban areas, where we have a great need because we have so much substandard housing.

Mr. STEPHENS. I would like to answer the gentleman. I have supported him. I know that the gentleman has supported me and the Farmers Home Administration, too. I am glad to say that I have had some hand in those proposals. I appreciate his action, letting me sponsor rural housing legislation. But I also have supported his housing proposals 100 percent, which help the urban communities. My district is half and half, half urban and half rural, and there is no difference between urban and rural housing. We have 50 percent more slums in rural housing than we have in cities, but I am as much for one as I am for the other. If you look at my record, you will find that what you say now is a red herring to divert attention from my objective in my amendment because I have supported both.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. STEPHENS. Let me finish this one point, and then I will yield.

The two amendments that I have, knock out the requirement that the Federal Reserve Board mandatorily buy $6 billion worth of paper in housing. It is for the purpose of preserving the duty that the Federal Reserve Board has to advise upon and to guide our monetary policy. If we are going to tell the Federal Reserve Board how they must do it, then we are setting a precedent. The next thing you know there will be someone who will say that we ought to make the Federal Reserve Board invest in highway paper. When we do that and tell the Federal Reserve Board what to do, then we are taking away their advisory authority. So I ask you sincerely to vote to support the committee amendments to delete section 2 and the subsequent amendment, section 3. I ask that it be done on both sides of the aisle for the purpose of protecting the Federal Reserve Board.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman.

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

I appreciate the recitation of the activities of the committee. Of course, the committee adopted the gentleman's amendment that is presently before us. I think the gentleman said that by the adoption of his amendment the bill became palatable. I can assume that he would consider the bill unpalatable without his amendment?

Mr. STEPHENS. That is correct.

Mr. BROWN of Michigan. Therefore I would ask the gentleman, if the committee amendment is not adopted, then I assume he intends to oppose the bill?

Mr. STEPHENS. I would have to find out what the alternatives are as to whether I vote for anything.

Mr. BROWN of Michigan. I thank the gentleman.

Mr. STEPHENS. Let me conclude by saying this, Mr. Chairman: When I say that this is no time to legislate, I feel like I ought to be home already. I have gotten to the point like a little boy in school when the teacher was asking him about the Shakespeare play "Macbeth." The teacher was trying to find out whether the little boy had read the assignment regarding the play. She asked him what it was that Macbeth said to Macduff, thinking that she would get the response in which Macbeth said:

> Lay on, Macduff, and damn'd be him that first cries "Hold, Enough!"

The little boy got up and replied: "I think he said, 'Hold on, Macduff. Damned if I don't believe I have had enough.' "

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

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

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

Mr. PATMAN. Mr. Chairman, I would like to call attention to the fact that this provision, section B in title II, is a very important provision. If the gentleman's motion prevails, it will also strike it out. I believe we will agree, when I read, that it is very important:

> It is the sense of the Congress that the authority conferred by section 14(b)(2) of the Federal Reserve Act be used to assist the Nation in meeting the housing goals contained in the Housing and Urban Development Act of 1968.

That is the action that provides for 2.6 million units a year. We have only about one-half of them now. If you strike this out, you are striking out a very valuable provision, one where we are saying it is the sense of Congress that the Federal Reserve shall support housing to the extent of providing the housing that the

Congress has already said is absolutely necessary for the people of this country; that is, 26 million units over 10 years time or 2.6 million units a year.

All we are saying is that it is the sense of Congress that the Federal Reserve cooperate and help us in doing that. I just wonder if you want to strike that out. I think it would be a bad mistake.

Mr. GROSS. Mr. Chairman, I move to strike the last two words.

Mr. Chairman, the consideration of this bill now becomes quite interesting. I notice that this bill was introduced by Mr. PATMAN for himself, Mr. BARRETT, Mr. REUSS, Mr. STEPHENS, and others. I believe we have heard from three of them. Mr. STEPHENS on one side and Mr. BARRETT and Mr. PATMAN on the other. However, they now seem to differ upon important provisions of the bill as introduced.

I do not see how, having introduced a bill carrying $6 billion—and that always interests me when I look at $6 billion in one place—it seems to me that it is rather important to inquire of these gentlemen as to what they were thinking about when they teamed up to put this bill together. Why are you now divided on this issue?

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

Mr. GROSS. Yes, I yield to the gentleman from Georgia.

Mr. STEPHENS. At the time I put my name on the bill it was with the distinct understanding, and so stated, that I would be at liberty to offer any amendment to any part of the bill. That is why I put my name on the bill.

Mr. GROSS. Apparently it was not the kind of bill you wanted to introduce at the time you introduced it.

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

Mr. GROSS. I yield to the gentleman from Texas, briefly.

Mr. PATMAN. The bill was introduced by 20 Members. Mr. STEPHENS is one of them. He is correct in saying that he reserved the right to oppose certain provisions and, of course, had the liberty to do that.

Mr. GROSS. Of course.

Mr. PATMAN. And, when the bill came up these two items were the only ones stricken out that were meaningful. Mr. STEPHENS and four other Members voted against them. Of course, we are glad to have his support of the rest of the bill and they are all supporting the rest of the bill although the gentleman from Georgia is not supporting these two provisions.

Mr. GROSS. The gentleman is not saying there is a little trading going on here now?

Mr. PATMAN. No. This is a very important part of the bill because it rolls back interest rates to 6 percent on housing and provides $6 billion immediately.

Mr. GROSS. I did not want to sit here and think that there was something going on that did not meet the eye.

Now, as to title II, which is the authority for credit control and the unholy delegation of power which it contains.

Mr. Chairman, I have sat in this House and listened to the gentleman from Texas a good many times during the years I have been here. I have heard him stand here and castigate the Federal Reserve Board up one side and down the other. He spilled blood all over the carpet. Sometimes it was so red you could not distinguish the pattern in the carpet down here in the well of the House. He gave the Federal Reserve Board unshirted hell. Now he wants to delegate in this bill unconscionable power to the same Federal Reserve Board. Will the gentleman please explain that?

Mr. PATMAN. I would be very delighted to do so.

Mr. GROSS. I do not suppose you would want me to take a special order during which you could castigate the Federal Reserve Board?

Mr. PATMAN. No; I do not want you to yield me that much time. I have not been against the Federal Reserve Board on everything. On some things I have. I was for them on the consumer rules and regulations on credit and on the Holding Company Act. The administration took the position that it wanted the Federal Reserve Board to control the Holding Company Act.

I took the position that only the Federal Reserve could, because they have been doing a good job under the Holding Company Act, and I voted for it, and my views were sustained on that. So I am not against them all the time, but I am against them some of the time. I am for them when they are right and against them when they are wrong. They are wrong this time.

Mr. GROSS. I am going to await the next appearance of the gentleman in the well of the House on the subject of the Federal Reserve Board to see how he performs after giving that group almost untrammeled power.

This marriage of the gentleman with the Federal Reserve Board on this bill today is—I would not say it is a shotgun marriage—but it is unholy to say the least.

Mrs. HECKLER of Massachusetts. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is with some reluctance that I speak out on this bill because no bill could have a more persuasive title—"To lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes."

These indeed are desirable goals, and goals that I seek as a Member of this body. However, I feel compelled to speak today in favor of the committee amendment.

No one could be more concerned about the needs of housing than I as the wife of a gentleman who spent many years as a homebuilder and as one who spent many hours doing the legal work, searching the titles, preparing for and handling the paper passings.

I am aware of the needs in the homebuilding field, and the great need for housing throughout this country.

However, as a Member of this body I feel a responsibility also to question whether or not the mechanisms proposed will actually achieve the goals which we so desire. Unfortunately, I feel as a new member of the Committee on Banking and Currency, that I was not given the benefit of expert witnesses on this subject since no hearings were ever held on this bill. No witnesses came before our committee on this conglomerate bill who were able to guide a new member, or an old member, for that matter. Testimony has been mentioned which relates back to 1966 hearings on other bills prior to my great privilege of serving in this body, and so that also was not of any help to me.

Subsequently, even as late as this afternoon, I sought some illumination on the wisdom of the provisions which have been mentioned in the section before us now, and I called the Federal Reserve—and I should like to report back to the Members the information which I have received.

It seems that the operation of having the Federal Open Market Committee get into the housing market for the direct purchase of obligations is not a new idea. As a matter of fact, it has been debated, discussed, and also rejected by the Senate just as recently as last June. And in a letter from Secretary Fowler to Senator SPARKMAN dated June 18, 1968, right on this subject, the Secretary then said:

> This proposal would be extremely dangerous, unwise and counterproductive. It would provide a major break with regard to the traditional role of the Federal Reserve in our economy, and that the overwhelming bulk of informed financial opinion recognizes the dangers involved in such a course.

I was also informed this afternoon that this concept has been debated and discussed by as prestigious a group as the Bipartisan Mortgage and Interest Rate Commission, quite recently by the Dusenberry Commission which on two separate occasions rejected this concept.

I would just like to say at this point that I do not feel sufficiently knowledgeable to say that this concept is unwise. But what is patently obvious to me is that without in depth testimony and careful consideration by the committee, a precipitous move of this nature would be calamitous.

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

Mrs. HECKLER of Massachusetts. I am very happy to yield to the gentleman.

Mr. PATMAN. The gentlewoman, I am sure, would not object to my pointing out that when this lost in the Senate, it was by one vote only.

Mrs. HECKLER of Massachusetts. It is the wisdom of the argument which I prefer to refer to, Mr. Chairman.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. WILLIAMS) there were—ayes 37, noes 31.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

> SEC. 3. During the twelve month period which begins on the date of enactment of this Act, the authority conferred by section 14(b)(2) of the Federal Reserve Act shall be exercised in the direct purchase of obligations of the Federal home loan banks, the Farmers Home Administration, and the Federal National Mortgage Association in the

aggregate amount of $6,000,000,000 bearing interest at the lowest discount rate in effect at the Federal Reserve Bank of New York at the time of purchase. This subsection does not limit the power or discretion of the Federal Open Market Committee as to other or additional purchases from the same or other issuers, or in the open market.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 16, strike out all of section 3.

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

Mr. Chairman, may I say we must evaluate this situation very carefully. We do not want the lack of housing money and the lack of adequate housing to continue in our country when there is a way of providing for the money. You have to have money. You might just as well talk about nothing else except the money when you talk about housing. This is talking about the money.

If you have the $6 billion, which this provides, and I hope you will listen to this because this is very important—this $6 billion will be provided for housing instead of providing it for speculation and for gambling and for many other different purposes—exactly the same kind of money. All we are doing is forcing the allocation of at least $6 billion of Federal Reserve credit for housing.

Now listen to this language—bearing interest at the lowest discount rate in effect that the Federal Reserve Bank of New York at the time of purchase—and that means 6 percent today.

There is no question but that rate will remain in the foreseeable future at 6 percent under this amendment. This is definitely $6 billion for low-income housing—for the people who cannot buy a house now. There are more irate citizens in America today because there is no opportunity for them to buy a house and that is the most important, other than any other question except high interest rates.

Those are two subjects that dominate every meeting where economic questions are discussed in America today. They have a right to be irate about the interest rates of 8½ percent and more. They have a right to be disturbed because there is plenty of money for everything else—for speculation and for gambling and for mergers and for conglomerates and creating money for every purpose except for housing.

How can you say that it is not right to use the same kind of money that has the same backing as all other money for the use of something that is very necessary in the lives of 55 million families in this country? They cannot properly rear and educate their children unless they have an environment that is satisfactory, and shelter, housing, is one of the requisites and necessary aspects of environment. And so this is the only vote that you will be able to cast before you go home for Christmas in favor of housing. Are you going to tell your constituents that you had an opportunity to act and failed to do so, or voted against the measure? Or are you going to tell them, "I had an opportunity to reduce housing interest rates over 8½ percent to 6 percent, but the bill was not brought up the right way. There was objection. Members talked too long. They did not give right consideration."

What do you care about consideration if it gets homes for your people at reasonable rates of interest? You have it here. This is the question: Are you going to vote for housing money at a reasonable rate of interest, 2½ percent less than what it is now, to reduce the rates on all housing loans? Do you want to do that, or do you want to say, "Oh, that is unorthodox. I do not believe in it. The bankers tell me it is unorthodox. Besides, it is unparliamentary. I am not going to vote for it"?

I feel so desperate about this thing that I would take a little unorthodox doctrine in a strained way, and I would take the parliamentary question and I would evaluate it carefully as against human needs. I would evaluate both, the question of being unorthodox and parliamentary. I would evaluate those elements with the human needs of this Nation. If you do that, my friends, you will not vote to strike out this provision. You will vote to leave it in there, because that is a definite vote. Nobody can say to you that you are against housing.

You can say, "Why, here is a vote—I voted for that $6 billion." If they say that you are for high-interst rates, you might say, "No, here is a bill for which I voted that provides for lower interest rates. It will lower the interest rate." I do not think Members will take that responsibility. I hope you do not. Let us give it a trial. Let us send the bill to the other body, and if they have another method that is better, they can put it on the bill, and when it comes back here we will accept it. But do not hit the poor people of this Nation on the nose, knock them out, and say, "I am against you. I had the privilege of voting on a $6 billion program."

I know housing is on dead center.

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

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

To clarify exactly how Members would like to vote on this measure, I think what the chairman was saying, if I may have the attention of the chairman, is that to sustain his position, Members should vote "no." Is that correct?

Mr. PATMAN. I think Members should vote against the Senate amendment, which would be "no" on the committee amendment. It would be "no."

Mr. BROCK. That is correct. If you are opposed to the $6 billion mandatory feature, your vote would be a "yea" vote.

Mr. PATMAN. That is correct.

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

Mr. Chairman, this one section, section 3, which you will find on page 2 of the bill, deals with the Federal Open Market Committee. The Federal Open Market Committee buys and sells short- and medium-term Government securities. I think their portfolio is something like $54 billion. The Federal Open Market Committee is the day-to-day regulator of monetary affairs in the United States.

They can affect the interest rate, they can affect the amount of money in the economy by buying or selling these short-term and medium-term Government securities they have in their portfolio. The only type securities they do have are straight Treasury notes. They do not have any securities from the many Government agencies that issue securities, such as the Home Loan Bank Board that issues securities to put more money into the mortgage market, or the FNMA that issues securities for secondary mortgage market.

I feel it would be a mistake in the monetary policy of this country to give two or three different duties to the Open Market Committee. The Federal Open Market Committee should be a strict monetary regulation committee and should not have to deal with other types of preferred paper which at any one time is considered to be priority paper.

If this amendment passes, I do not believe it will put one nickle into the housing market. The reason I do not is that both FNMA and the Home Loan Bank Board are under the jurisdiction of the administration, and those who are running these two agencies are appointed by the administration.

If this amendment passes, it will merely mean these agencies will not sell $6 billion worth of money in their regular markets, but would go to the open market as they would be mandated to do.

This would not create new money. It merely means we use one method instead of another to sell Government securities.

Does it save money? I do not think it does. I checked in the market today in medium-term obligations and on the FNMA and the Home Loan Bank Board debentures and I found interest rates about the same. The Home Loan Bank Board and the FNMA can go to the open market today, and they will sell those securities at about the same price, give or take a quarter of a point, as the open market is buying and selling Treasury notes. I do not think this amendment really accomplishes anything.

If we pass this amendment, $6 billion will go into the market, but if we do not pass it, those same $6 billion will go into the market, as they do now under current FNMA and the Home Loan Bank Board practices.

I think this amendment is tinsel, and it is a very dangerous precedent to mix up a policy on the types of specified government securities we should sell through the Open Market Committee. I think we should sell Treasury notes and not mix up specific securities which represent a crisis now and what might be a crisis tomorrow. I think the amendment is tinsel, and I think it is dangerous. I ask for an aye vote on the committee amendment.

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

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

Mr. PATMAN. Mr. Chairman, I tell the gentleman he is in error about the open market purchase. The gentleman did not mention the long-term housing problem. When we had this before our committee

a few years ago, we advocated the Federal Open Market Committee buy housing paper, and the Chairman of the Federal Reserve Board said if we would put that sense of Congress in, they would buy the housing paper. We put it in, and a year later, before the Joint Economic Committee, I was interrogating the gentleman from the Federal Reserve. They bought some housing paper on a repurchase basis, but only a very small amount. So they had the power to do it, but just quit buying it at all.

For that reason, after telling us they would buy it, we are now trying to make this mandatory. Does the gentleman not think that is fair, when they told us they would do it, and then when we put it in the law, they would not help us at all? That is the only way we can do it.

Mr. REES. There have been sales of FNMA and sales of Home Loan Bank Board paper and debentures in the market all along. There has not been any cessation of sales, and the interest rate on the medium- and long-term securities, I think, represents just about the interest rate that the Open Market Committee buys and sells securities for.

Mr. PATMAN. This is different. This is more of a negotiated deal by Congress. This is a limit of 6 percent. The gentleman is talking about sales where it would be bid up to 9 percent or 10 percent. The limit here is 6 percent.

Mr. REES. If the limit is 6 percent, they will not be able to sell them.

Mr. STEPHENS. Mr. Chairman, I rise in support of the committee amendment.

I will not take the full 5 minutes because the argument I used on section 2, the first amendment, applies here. I tried to cover both of them at the same time.

The amendment on which we have already supported the committee is not the important amendment. This amendment upon which we are now called to vote is the most important part of the two amendments we have been discussing. I say that we do need to do more in the field of housing. We do need to reduce interest rates. I agree wholeheartedly with that.

However, the proper way to do that is through appropriations, through fighting for more approriations for housing and for other agencies that will help on housing, and also insisting upon budgetary recommendations which will provide an orderly and higher amount of funds that will go into housing and in support of the housing market.

In conclusion of my statement I say this: if Members want to help destroy the effectiveness of the Federal Reserve, then they should vote "no" and against the majority of the committee. If they want to have an effective Federal Reserve to continue to operate, then they should vote "aye" with the majority of the committee.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 30, noes 29.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. PATMAN. Mr. Chairman, in order to save time, I ask unanimous consent that the remainder of the bill be considered as read, printed in the RECORD, and open to amendment at any point. I assume that we would take up the committee amendments first, or as we get to them.

The CHAIRMAN. The Chair will state to the gentleman that the committee amendments will be taken up first if the request is granted.

Is there objection to the request of the gentleman from Texas?

There was no objection.

The remainder of the bill is as follows:

SEC. 4. The Federal Home Loan Bank Act is amended by adding at the end thereof the following:

"SEC. 26. (a) The purpose of this section is to improve the depth and liquidity of the secondary home mortgage market.

"(b) To carry out the purpose of this section, the several Federal Home Loan Banks, under the direction of the Board and acting through such agencies and instrumentalities as the Board may deem appropriate, are authorized, pursuant to commitments or otherwise, to purchase, service, sell, or otherwise deal in mortgages which are—

"(1) originated by members or by any institutions whose accounts or deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation, or

"(2) approved by the Board for the purposes of this section."

(d) Section 11(h) of the Federal Home Loan Bank Act (12 U.S.C. 1431(h)) is amended (A) by inserting "(1) pursuant to section 26 of this Act, (2)" immediately before "in obligations of the United States,", (B) by inserting "(3)" immediately before "in obligations, participations,", and (C) by inserting "(4)" immediately before "in such securities".

(e) Section 16 of the Federal Home Loan Bank Act (12 U.S.C. 1436) is amended (A) by inserting "(1) pursuant to section 31 of this Act, (2)" immediately before "in direct obligations", (B) by inserting "(3)" immediately before "in obligations, participations,", and (C) by inserting "(4)" immediately before "in such securities".

SEC. 5. (a) Effective as of the close of December 31, 1969, section 404 of the National Housing Act is amended

(1) by striking out "plus any creditor obligations of such institution" in subsection (b)(1), and the amendment made by this subdivision (1) shall be applicable also to any then unexpired portion of any then current premium year under subsection (b)(1).

(2) by striking out "and creditor obligations" in subsection (b)(2).

(3) by striking out "and its creditor obligations" in subsection (c).

(4) by striking out "and creditor obligations" each place it appears in subsection (g). The condition in the first sentence of that subsection shall be deemed to be met as of the close of December 31, 1969. The words "such year" in that sentence shall be deemed to include also the year beginning January 1, 1970.

(b) The Federal Savings and Loan Insurance Corporation is authorized by regulation or otherwise

(1) to make such provisions as it may deem advisable with respect to the order in which and the extent to which the components of a pro rata share of its secondary reserve shall be applied or be deemed to have been applied in the case of a reduction of such share through a use under the second sentence of section 404(e) of the National Housing Act or the first sentence of section 404(g), a transfer of part of such share under the third sentence of section 404(e), or otherwise.

(2) to take such action, including without limitation such adjustments and refunds and such deferrals of premium payments and other payments, as it may determine to be necessary or appropriate for or in connection with the implementation of this section or other legislation amending or supplementing said section 404.

SEC. 6. (a) Section 19(a) of the Federal Reserve Act (12 U.S.C. 461) is amended by inserting after the word "interest," the following: "to determine what types of obligations, whether issued directly by a member bank or indirectly by an affiliate of a member bank or by other means, shall be deemed a deposit for the purposes of this section,".

(b)(1) The fourth sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows: "The Board of Directors is authorized for the purposes of this subsection to define the terms 'time deposits' and 'savings deposits', to determine what shall be deemed a payment of interest, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this subsection and to prevent evasions thereof."

(2) Section 18(g) of such Act is further amended by inserting after the fifth sentence the following: "The provisions of this subsection and of regulations issued thereunder shall also apply, in the discretion of the Board of Directors, to obligations other than deposits that are undertaken by insured nonmember banks or their affiliates for the purpose of obtaining funds to be used in the banking business. As used in this subsection, the term 'affiliate' has the same meaning as when used in section 2(b) of the Banking Act of 1933, as amended (12 U.S.C. 221a(b)), except that the term 'member bank', as used in such section 2(b), shall be deemed to refer to an insured nonmember bank."

(c) The first sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by inserting "or dividends" after "interest".

SEC. 7. Section 19(b) of the Federal Reserve Act (12 U.S.C. 461) is amended by adding at the end thereof a new sentence as follows: "The Board may, however, prescribe any reserve ratio, not more than 22 per centum, with respect to any indebtedness of a member bank that arises out of a transaction in the ordinary course of its banking at the end of thereof a new sentence as received or credit extended by such bank to a bank organized under the law of a foreign country or a dependency or insular possession of the United States.".

SEC. 8. Effective for the period beginning on the date of enactment of this Act and ending March 22, 1971, section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended

(1) by changing, in clause (3) of the third sentence of the first paragraph, "80" to read "90" and "twenty-five" to read "thirty", and

(2) by striking in the first sentence of the third paragraph the comma before "shall" and inserting in lieu thereof "or, to the extent authorized by regulations issued by the Comptroller of the Currency, in the case of a large construction project not to exceed 5 years,".

SEC. 9. (a) The following provisions of the Federal Deposit Insurance Act are amended by changing "$15,000", each place it appears therein, to read "$20,000":

(1) The first sentence of section 3(m) (12 U.S.C. 1813(m)).

(2) The first sentence of section 7(i) (12 U.S.C. 1817(i)).

(3) The last sentence of section 11(a) (12 U.S.C. 1821(a)).

(4) The fifth sentence of section 11(i) (12 U.S.C. 1821(i)).

(b) The amendments made by this section

are not applicable to any claim arising out of the closing of a bank prior to the date of enactment of this Act.

SEC. 10. (a) The following provisions of title IV of the National Housing Act are amended by changing "$15,000", each place it appears therein, to read "$20,000":

(1) Section 401(b) (12 U.S.C. 1724(b)).

(2) Section 405(a) (12 U.S.C. 1728(a)).

(b) The amendments made by this section are not applicable to any claim arising out of a default, as defined in section 401(d) of the National Housing Act, where the appointment of a conservator, receiver, or other legal custodian as set forth in that section becomes effective prior to the date of enactment of this Act.

TITLE II—AUTHORITY FOR CREDIT CONTROL

Sec. 201. Short title

This title may be cited as the Credit Control Act.

Sec. 202. Definitions and rules of construction

(a) The definitions and rules of construction set forth in this section apply to the provisions of this title.

(b) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(c) The term "organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative or association.

(d) The term "person" means a natural person or an organization.

(e) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(f) The term "creditor" refers to any person who extends, or arranges for the extension of, credit, whether in connection with a loan, a sale of property or services, or otherwise.

(g) The term "credit sale" refers to any sale with respect to which credit is extended or arranged by the seller. The term includes any contract in the form of a bailment or lease if the bailee or lessee contracts to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the property and services involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the property upon full compliance with his obligations under the contract.

(h) The terms "extension of credit" and "credit transaction" include both loans and credit sales.

(i) The term "State" refers to any State, the Commonwealth of Puerto Rico, the District of Columbia, and any territory or possession of the United States.

(j) Any reference to any requirement imposed under this title of any provision thereof includes reference to the regulations of the Board under this title or the provision thereof in question.

Sec. 203. Regulations

The Board shall prescribe regulations to carry out the purposes of this title. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this title, to prevent circumvention or evasion thereof, or to facilitate compliance therewith.

Sec. 204. Determination of interest charge

Except as otherwise provided by the Board, the amount of the interest charge in connection with any credit transaction shall be determined under the regulations of the Board as the sum of all charges payable directly or indirectly to the person by whom the credit is extended in consideration of the extension of credit.

Sec. 205. Authority for institution of credit controls

(a) Whenever the President determines that such action is necessary or appropriate for the purpose of preventing or controlling inflation generated by the extension of credit in an excessive volume, the President may authorize the Board to regulate and control any or all extensions of credit.

(b) The Board may, in administering this Act, utilize the services of the Federal Reserve banks and any other agencies, Federal or State, which are available and appropriate.

Sec. 206. Extent of control

The Board, upon being authorized by the President under section 205 and for such period of time as he may determine, may by regulation

(1) require transactions or persons or classes of either to be registered or licensed.

(2) prescribe appropriate limitations, terms, and conditions for any such registration or license.

(3) provide for suspension of any such registration or license for violation of any provision thereof or of any regulation, rule, or order prescribed under this Act.

(4) prescribe appropriate requirements as to the keeping of records, and as to the form, contents, or substantive provisions of contracts, liens, or any relevant documents.

(5) prohibit solicitations by creditors which would encourage evasion or avoidance of the requirements of any regulation, license, or registration under this Act.

(6) prescribe the maximum amount of credit which may be extended on, or in connection with, any loan, purchase, or other extension of credit.

(7) prescribe the maximum rate of interest, maximum maturity, minimum periodic payment, maximum period between payments, and any other specification or limitation of the terms and conditions of any extension of credit.

(8) prescribe the methods of determining purchase prices or market values or other bases for computing permissible extensions of credit or required downpayment.

(9) prescribe special or different terms, conditions, or exemptions with respect to new or used goods, minimum original cash payments, temporary credits which are merely incidental to cash purchases, payment or deposits usable to liquidate credits, and other adjustments or special situations.

Sec. 207. Reports

Reports concerning the kinds, amounts, and characteristics of any extensions of credit subject to this title, or concerning circumstances related to such extensions of credit, shall be filed on such forms, under oath or otherwise, at such times and from time to time, and by such persons, as the Board may prescribe by regulation or order as necessary or appropriate for enabling the Board to perform its functions under this title. The Board may require any person to furnish, under oath or otherwise, complete information relative to any transaction within the scope of this title including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person.

Sec. 208. Injunctions

Whenever it appears to the Board that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any regulation under this title, it may in its discretion bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. Upon application of the Board, any such court may also issue mandatory injunctions commanding any person to comply with any regulation of the Board under this title.

Sec. 209. Civil penalties

(a) For each willful violation of any regulation under this title, the Board may assess upon any person to which the regulation applies, and upon any partner, director, officer, or employee thereof who willfully participates in the violation, a civil penalty not exceeding $1,000.

(b) In the event of the failure of any person to pay any penalty assessed under this section, a civil action for the recovery thereof may, in the discretion of the Board, be brought in the name of the United States.

Sec. 210. Criminal penalty

Whoever willfully violates any regulation under this title shall be fined not more than $1,000 or imprisoned not more than one year, or both.

TITLE III—SMALL BUSINESS ADMINSTRATION ACTIVITY

SEC. 301. The Small Business Administration shall promptly increase the level of its financing functions utilizing the business loan and investment fund established under section 4(c)(1)(B) of the Small Business Act (15 U.S.C. 633(c)(1)(B)) by $70,000,000 above the level prevailing at the time of enactment of this Act. A substantial proportion of this increase shall be applied to loans and investments to foster the growth of small business investment companies which service businesses owned and operated by persons in economically disadvantaged segments of the population. In the event that insufficient appropriated funds are available to carry out the provisions of this section, request for the necessary funds shall be promptly made by the Small Business Administration and cleared by all components of the executive branch having any functions with respect to such requests. The Small Business Administration shall submit to Congress a monthly report of its implementation of this section.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, after line 2, insert the following:

"SEC. 2. The authority conferred by section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g) shall also apply with respect to noninsured banks in any State if (1) the total amount of time and savings deposits held in all such banks in the State, plus the total amount of deposits, shares, and withdrawable accounts held in all building and loan, savings and loan, and homestead associations (including cooperative banks) in the State which are not members of a Federal home loan bank, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of that State a bank supervisory agency with authority comparable to that conferred by this section, including specifically the authority to regulate the rates of interest and dividends paid by noninsured banks on time and savings deposits, or if such an agency exists it has not issued regulations in the exercise of that authority. The authority conferred by section 18(g) may not be exercised with respect to noninsured banks after July 31, 1970, and may only be exercised to limit the rates of interest or dividends which those banks may pay on time and savings deposits to maximum rates not lower than 5½ per centum per annum. Whenever it appears to

the Board of Directors that any noninsured bank or any affiliate thereof is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of that section or of any regulations thereunder, the Board of Directors may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the noninsured bank or affiliate thereof is located to enjoin such acts or practices, to enforce compliance with this section or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond."

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment, which is printed in the bill and goes to line 15 on page 4, be considered as read, printed in the RECORD, and open to amendment at any point.

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

There was no objection.

Mr. PATMAN. Mr. Chairman, this amendment is the so-called Massachusetts amendment. This includes the mutual savings and loan associations of Massachusetts. They have a unique situation there. This will take care of them. The State worked with the Federal authorities in getting this amendment into the proper form. Every faction was consulted, and they agreed to it. Mr. HARRINGTON and Mrs. HECHLER sponsored the amendment, and there was no objection to it. I hope it is agreed to, because it is very much in the public interest.

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

Mr. PATMAN. I yield to the gentleman.

Mr. STANTON. This is the amendment that was offered by Mrs. HECHLER in the committee?

Mr. PATMAN. Yes. And by Mr. HARRINGTON.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment. Page 4, after line 15, insert the following:

"SEC. 3. (a) The authority conferred by section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) shall also apply with respect to nonmember building and loan, savings and loan, and homestead associations, and cooperative banks in any State if (1) the total amount of deposits, shares, and withdrawable accounts held in all such nonmember associations and banks in the State, plus the total amount of time and savings deposits held in all banks in the State which are not insured by the Federal Deposit Insurance Corporation, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks.

"(b) In addition to any other penalty provided by the Federal Home Loan Bank Act or any other law, any institution subject to this section, which violates a rule promulgated pursuant to this section and section 5B of the Federal Home Loan Bank Act shall be subject to such civil penalties, which shall not exceed $100 for each violation, as may be prescribed by the Federal Home Loan Bank Board by rule. Any such rule may provide with respect to any or all such violations that each day on which the violation continues shall constitute a separate violation. The Board may recover any such civil penalty for its own use, through action or otherwise, including recovery thereof in any other action or proceeding under this section. The Board may, at any time before collection of any such penalty, whether before or after the bringing of an action or other legal proceeding, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process therefor, and with or without consideration, compromise, remit, or mitigate in whole or in part any such penalty or any such recovery.

"(c) Whenever it appears to the Board that any nonmember institution is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this section and section 5B of the Federal Home Loan Bank Act or of any regulations thereunder, the Board may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the institution is located to enjoin such acts or practices, to enforce, compliance with these sections or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond.

"(d) All expenses of the Board under this section shall be considered as nonadministrative expenses."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 1, after "SEC. 4." insert "(a))".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 3, strike "26" and insert "31".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 11, insert after "are" the following: "originated by members or by any institutions whose accounts or deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, strike lines 15 through 20.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 21, strike "(d)" and insert "(b)".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 23, strike "26" and insert "31".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, line 3, strike "(e)" and insert "(c)".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, line 5, strike "26" and insert "31".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 9, line 23, strike "for the purposes of this section".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 11, line 20, strike "$20,000" and insert "$25,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 12, line 10, strike "$20,000" and insert "$25,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 18, line 18, after the period strike the remainder of the line down through and including "tion." on line 23.

The committee amendment was agreed to.

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

Mr. Chairman, I rise at this time to explain the motion to recommit which I will offer at the appropriate time.

What it substantially will be is the Senate bill which has been approved by the Senate and which was sent over to our committee but never considered before our committee, with two changes.

The Senate bill extends until September 22, 1970, the authority and my motion to recommit would extend it to March 22, 1971, in accordance with the original bill.

It also would eliminate sections 6 and 7 of the bill as passed by the Senate. Let me point this out to Members of the House. Section 1 of the Senate bill extends the authority, as I just said, to March 22, 1971. That is the flexible authority to regulate the rates of interest paid by financial institutions on time and savings deposits. Failure to extend that authority could precipitate another rate

war between banks and savings and loan institutions such as we had in 1966.

Section 2 extends limited rate control authority over non-federally-insured financial institutions. In those States where uninsured deposits are greater than 20 percent of the total deposits and the State banking commissioner lacks comparable authority, this is a very important section.

Section 3 increases from $1 to $4 billion the authority of the Home Loan Bank System to borrow from the Treasury. In addition the section indicates it is the sense of Congress that the authority be used to help stabilize the mortgage market during periods of tight money.

Section 4 permits the Federal Reserve Board to limit the rates paid on commercial paper obligations issued by the holding company affiliates of commercial banks. Through this device large commercial banks have been able to raise funds by offering rates higher than rates permitted under the Board's regulation.

Section 5 gives the Federal Reserve Board authority to establish reserve requirements for Eurodollars produced from foreign-owned banks. Heretofore commercial banks had been able to evade the regulations of the Federal Reserve Board by borrowing from the Euro market. This would stop back-gap operations.

Mr. Chairman, I believe this is a creative and a strong bill. It was passed substantially by the Senate in order to allow us to meet obligations of continuing the regulation Q authority which has to be done unless we are going to have a shambles in the economy.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

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

Mr. PATMAN. Now, you stated $4 billion here that they can borrow from the Treasury. But, there is no requirement that the Treasury will have to furnish it?

Mr. WIDNALL. That is correct.

Mr. PATMAN. That is right. In other words, you are saying if they do not have it they cannot borrow it.

Mr. WIDNALL. That is more than you have in your bill now.

Mr. PATMAN. Oh, no. We have the $6 billion and lower interest rates.

Mr. WIDNALL. You do not have the $6 billion in the bill. The $6 billion has been removed from the bill.

Mr. PATMAN. We will have it on a record vote.

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

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

Mr. BLACKBURN. Is it not true that we should adopt the motion to recommit because it is substantially the Senate version and there would be very little to be resolved in conference. Therefore, we could better assure ourselves of terminating this session of Congress at an earlier time; whereas, if we adopt the bill now before the House we may be here for some time while the conferees are trying to resolve the differences.

Mr. WIDNALL. The gentleman is correct.

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

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

Mr. BROCK. Is it not also true that if we pass the Senate bill, as amended, there will be $3 billion available for immediate assistance to homebuilding; whereas, in the current bill there is absolutely not one thin dime?

Mr. WIDNALL. That is corrcet.

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

Mr. Chairman, I should like to reply to the proposed motion to recommit. I urge Members to vote against the motion to recommit, and to vote for the bill which, in its present form as it emerges from the committee, carries the unanimous support of all the majority members of the House Committee on Banking and Currency.

Mr. Chairman, there has been much talk today about lack of hearings, even though we have had about a year of hearings; about the lack of notice, even though we have had abundant notice of our bill; but here it is proposed in the motion to recommit to vote for a bill passed by the other body which is not before the House, and which I doubt more than two or three people on this floor have seen.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield at that point?

Mr. REUSS. Mr. Chairman, I cannot yield now. I will presently.

Mr. Chairman, let me recapitulate just what the democratic bill to lower interest rates, and fight inflation, to help housing, small business, and employment does:

We have had in this country now for more than a year a policy of supertight money. That has been the administration's sole way of fighting inflation. This has not even laid a glove on the big financial institutions. They have been able to buy out of the tight money by repatriating the Eurodollars, and by issuing commercial paper. With this enormous lending power, they have expanded their marginal lending for consumer durables financing, for business conglomerate takeover, for unnecessary business inventory expansion and capital expansion. That kind of lending is up 10 percent, and at a time when we have had a boiling inflation at the annual rate of 6 percent.

Housing, wage earners, small business, State and local governments, they are the ones who have suffered.

The Democratic bill before us seeks to give the President the power to do something about it—to control inflation without ruining half the economy in the process. It does this by permitting him to put reserve requirements on Eurodollars and on commercial paper; and by giving him the power which Mr. Martin has urged to have the Federal Reserve, if it deems fit, impose controls on consumer credit. It directly helps housing by broadening the secondary mortgage market, and by empowering the banks to do what the Federal Reserve urges—to increase their lending for housing. It puts definitely needed money into small business.

The issue is very clear. If you believe in lower interest rates, if you believe in fighting inflation, if you believe in helping small business, housing, State and local governments, and the wage earner, then vote against the motion to recommit and vote for the committee bill, and give President Nixon the finest Christmas present that a Democratic Congress could possibly give a Republican President.

Mr. WIDNALL. Mr. Chairman, would the gentleman yield?

Mr. REUSS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I would like to point out to the gentleman that the Senate bill, S. 2537, was referred to our committee before the present bill was taken up by the Committee on Banking and Currency. The Senate had full hearings on their bill.

Mr. REUSS. As we had on our bill.

Mr. WIDNALL. We had no full hearings on our bill. I just want to make the point that a great deal of consideration has been given to the Senate bill, which has passed.

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

Mr. REUSS. Mr. Chairman, I yield to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, every Member of the House knows what our builders are up against. When the homebuilders came up to Washington for help just a few months ago every Member was sympathetic and all Members said they would like to help, but their hands were tied. Their hands would be untied today with this piece of legislation if it is passed the way we passed it in the Committee on Banking and Currency. Their votes today will tell just how much they want to help the builder build much-needed housing.

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

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

Mr. Chairman, I would like to just point out some erroneous impressions: The Senate bill which is the recommittal motion does have the same authority this bill does—control of Eurodollars and commercial paper.

I want to point out there is just one significant difference between the bill you have before you now and the bill we are going to offer you in the recommittal.

You have heard all day long about the plight of the homebuilder and the plight of the homeowner. Let me make it abundantly clear that this bill has no money in it whatsoever for any homebuilder or any homebuyer for that matter.

In contrast, the Senate bill provides for an increase of the Treasury authority from $1 to $4 billion to purchase these obligations. If you want to help homebuilding, vote for the recommittal.

Mr. PUCINSKI. Mr. Chairman, I move to strike out the last word and rise in support of the bill and in opposition to the proposed substitute. Mr. Nixon may very well need this legislation next spring and he may be grateful to Congress for giving him the tools with which to fight inflation.

Mr. Chairman, I would merely like to point this out to the Members of the House.

Last Friday I included in the RECORD on page 38947 a copy of a full page ad which appeared in the New York Times by Merrill Lynch suggesting three ways in which investors can save on their 1969 taxes.

If you read this ad, you may fully appreciate why the President may need the legislation being proposed by the gentleman from Texas.

There is strong reason to believe that the administration may fall short by as much as $20 billion of anticipated revenue from taxes for 1969.

The loss of the stock market values in 1969 is now in excess of $100 billion. This loss of value will be reflected in a lower tax yield to the Federal Government by "tax selling" in the closing days of 1969. In other words, at an estimated rate of 20 percent, it is entirely possible the Government could fail to receive as much as $20 billion it had expected to collect when estimates were made last year.

It is entirely possible, well meaning as a lot of people are, that this administration may find itself with a deficit of as much as $15 billion for the fiscal year 1970. You and I know if the Government will have to go into the money market to borrow $15 billion next year, there are going to be great inflationary pressures on the rest of the economy.

So I would like the House to consider this. If you do not believe what I am saying and if you do not agree with what I am saying, I suggest that you look at the CONGRESSIONAL RECORD at page 38947 for last Friday and read the full page ad by Merrill Lynch that I put in the RECORD. It describes in detail how investors can save substantial taxes by claiming a loss through "tax selling." Read what they had to say about "tax selling" before December 31. Draw your own conclusions of what effect this will have on the anticipated revenues for 1969 and what impact it is going to have on the budget. Then realize that the President may very well, even though today there is some objection to this legislation, be very pleased that he got this standby legislation when he may need it next spring. Because, if we do have to go into the money markets to borrow $15 billion or whatever the deficit may be to meet operating expenses, we all know that we would have new flames to fire inflation.

Even if the President tries to curtail expenditures, as he may well have to do, it would not be enough to avoid a deficit if tax selling does reduce our anticipated revenue from taxes in 1969.

So I submit to my colleagues in all honesty and sincerity that this bill may very well be a bill that the President will need very desperately next spring when we see the full impact of tax selling and a loss in anticipated revenues that we had expected in 1969. We had expected in 1969 revenues of $197½ billion and we have a budget of $192 billion. I believe the President was sincere when he said he was going to try to have a $5½ billion surplus. But when you consider this tax selling and its impact on the anticipated revenue of $197 billion, you see this matter could be out of the President's hands.

So I say to my colleagues to consider carefully the consequences if we fail to act on this standby legislation which I believe the President needs and might use next spring.

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

Mr. PUCINSKI. I yield to the gentleman.

Mr. STANTON. Mr. Chairman, I am very happy that the gentleman has yielded to me because he makes an excellent point.

When you vote, if you vote for the bill passed out of the committee, you vote for mandatory credit controls. Do not let anybody on the other side think otherwise.

Mr. PUCINSKI. I believe the record is clear that these are standby controls which the President may or may not use at his discretion. I also believe the assistance provided in the bill to the home construction industry can help us avoid a full-scale recession in the construction industry.

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

Mr. Chairman, there is no more important economic task confronting us than getting the cost of money—interest rates—back down to a reasonable level. The danger signals to our national economy are out, and they are grave.

Treasury notes are yielding returns in excess of 8 percent and the bond market is described by financial houses as a "once in a lifetime opportunity" for investors.

The attractions are no less enticing than the gingerbread that led Hansel and Gretel to the witch's oven in Grimm's fable. Hansel and Gretel escaped and the witch was burned. That is a fable. This is for real and we all may be burned.

Individuals and families who once deposited money in savings accounts in local banks and savings institutions, keeping the money available for loans locally, are now turning to sound, safe and higher return investments in governments and blue ribbon bonds.

The savings institutions, banks, and trust fund administrators, large and small, must, in meeting their responsibility and trust, direct an increasing part of their investments to the safety, surety, and high income yields of these securities.

The tight money, high interest policy advocated by so many within and without the administration is, in my judgment, an ill-conceived device for controlling inflation. The fruits of this policy are reflected in the current high Treasury note and bond markets, and mounting Government interest costs. On the other hand, the harvest of these modern record high interest rates are to be found in a dangerously declining stock market, a dried-up homebuilding industry, a rising unemployment rate, and a great acceleration in the rate of agricultural and small business failures, or resort to existence out of accumulated capital if they are fortunate enough to have a little.

The bountiful harvest from high interest rates for a few people can mean ruin for untold millions.

The President and the administration, while concentrating on developing a course to bring peace in Vietnam, have neither heeded advice nor reflected a concern for the effect on the people of the Nation of a money policy that is almost out of hand.

The theory that rising interest rates and tight money will control inflation should be discounted, if not wholly discredited. Interest is built into the cost of everything we buy; concerns capitalized long ago on low-cost money and widen their margins, basing their charges on the current interest level. Utilities want their rates raised to offset increased bond interest costs. Supplies of goods are shortened by the inability of small businesses to maintain levels of operation for lack of capital, putting further pressure on prices.

Out in Montana, stockmen are shortening up on their feeding operations for lack of capital to buy feeders, or inability to make a profit, after interest, on the money they can borrow. That will mean more unfed, lightweight cattle ultimately going to market, smaller beef tonnages and more pressure on prices.

Since Treasury notes have been in the vanguard of the advance in interest yields, the first thing we should do is direct the Federal Reserve bank system and any Government trust funds with assets to invest, to act immediately to absorb Treasury bills, Treasury notes, and Treasury bonds at lower interest levels. We should release impounded funds and relax restraints on loan programs and money supplies for home building, small business and farm and ranch operating capital while reducing expenditures for military hardware, space exploration, supersonic transports, military establishments abroad, and every other nonessential, luxury, or postponable items.

I am not advocating senseless penny-pinching in such areas as medical research, environmental controls, education, or human nutrition; nor am I proposing cuts, as in the case of education, which will force the burden of essential programs on local taxpayers. I do support the recent action of the House and Senate that reduced the level of military expenditures by $9 billion.

I expect to support every measure which will hold down interest levels, and I call on the administration to implement savings voted by Congress, reduce Treasury expenditures on nonessentials, and turn the tide on the interest rate climb, especially as it affects Federal securities, with every available technique or tool.

This bill is a partial answer to high interest rates and the lack of home building and to provide more credit authority for the Small Business Administration. It is a positive step and should be taken by this House.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike the requisite number of words. I desire to ask a question of the distinguished ranking minority member of the committee. Is there anything in the substitute bill, the Senate bill, which would put a limitation on the amount of interest that could be charged to those borrowing money?

Mr. WIDNALL. No; there is not. There is none in the other bill, either.

Mr. BURLISON of Missouri. It is my understanding, my interpretation of the

other bill that there is a limitation of 6 percent, a maximum of 6 percent.

Mr. WIDNALL. That is not so. It is not in the bill.

Mr. BURLISON of Missouri. I wish to make this observation, if I may, for purposes of further questioning. It is my understanding that regulation Q places a limitation on the amount that depositors can get on their deposits in savings and loan associations or in banks. Is that true? I would like an explanation of why we place a limitation on the amount of money that depositors can get, while we place no limitation on the interest rate which the banks and the savings institutions will receive on the money that they lend out. I have never been able to understand that. I wonder what the explanation for it is.

Mr. WIDNALL. At the present time we are endeavoring to limit the amount for the protection of the depositors, but such a provision as the gentleman refers to is not in this bill.

Mr. BURLISON of Missouri. I thank the gentleman, but I would submit that this is the type of protection that the depositor can do without.

Mr. DON H. CLAUSEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. DON H. CLAUSEN. Mr. Chairman, regarding the legislation under discussion, I would like to take this opportunity to relate to my colleagues the drastic effects that the present tight money situation is having on my district.

Quite frankly, my district and many others in this Nation that are dependent on the homebuilding industry, are today facing economic distress. While much of the economy is experiencing rampant inflation, there are far too many areas that are faced with the prospect of a very real recession.

The fiscal mismanagement policies of the previous administration, which led to the unprecedented $25 billion deficit in 1968, caused the runaway inflationary trends of 1969. This inflationary spiral, as everyone agrees, has to be checked in order to protect fixed-income groups, the small businessman, the average workingman and those who are forced to exist on Social Security and pensions.

I believe the Nixon administration is taking the necessary steps to break down the "inflation psychology" that prevails across the Nation.

However, I do believe we need an interim program directed specifically to helping the housing, homebuilding, and forest product oriented industries and the communities economically dependent on these industries through this inflation-checking, transitional period.

I strongly believe that the housing sector of our economy has taken the brunt of the attack against inflation. This segment of the economy has been forced to absorb a disproportionate share of the impact of stringent fiscal management policies. The Federal Reserve Board has estimated that the homebuilding industry is absorbing 60 to 70 percent of the impact of tight money. And, when that industry accounts for only 3 percent of the gross national product, the result is totally unrealistic.

Mr. Chairman, this Nation is faced with the worst housing shortage we have experienced since the years immediately following World War II. It is estimated that the housing starts in 1969 will total approximately 1.3 million units. According to the timetable established by the Housing and Urban Development Act of 1968, we should be constructing at least 1.8 million units this year.

I submit that efforts to control inflation are running counter to our commitment to provide every American with suitable living quarters, especially those families in the low-income category.

We cannot and must not downgrade the priority that absolutely must be given housing in our total economy. The resultant effect of a continuation of present policies will seriously impair or financially ruin a great many homebuilders, lumber and plywood manufacturers and distributors which will, in the final analysis seriously inhibit the capabilities of the entire industry to respond to our housing goals when the present tight money trend is checked and hopefully reversed.

Everyone must share the responsibility for the current problems. While I do not like to be partisan in this matter, I must say that the same Democratic majority that created most of the unnecessary Federal spending proposals in the past are screaming the loudest today. We tried to tell you then that "the chickens would come home to roost." You cannot spend, spend, and spend and expect to retain fiscal responsibility.

In my judgment, we must see that everyone cuts back proportionately in their spending habits in order to maintain stabilized prices. A new set of priorities must be established. But housing should not be required to assume the grossly disproportionate share of the total fiscal and inflation-checking burden.

For years I have held to the view that we must cut back nonessential spending in order to permit the release of funds for the mortgage market. This must be synchronized with noninflationary and orderly economic growth policies of both public and private sector institutions.

In July of this year, I worked with a select housing task force that offered certain recommendations to relieve the plight of the housing industry. I would like to present to my colleagues some of our findings and recommendations because I believe they will serve as a guide to Members of Congress as they listen to this debate. I hope it will influence your voting pattern accordingly.

In addition, we have been working with the Senate Banking and Currency Committee and, in my opinion, genuine progress is being made.

The recommendations listed are short term only. We must commit ourselves to developing methods whereby we can provide a steady, continuing flow of funds into the mortgage market so that the housing sector of the economy is not forced to bear the burden of stringent monetary policies.

Following are some of the task force's recommendations:

First, extend the flexible authority to regulate the rates of interest paid by financial institutions on time and savings deposits;

Second, increase the authority of the Home Loan Bank Board to borrow from the Treasury; and

Third, strengthen the authority of the Federal Reserve Board to administer regulation Q.

The Senate committee has stated:

> Our national housing goals rank equally with the objectives of the Full Employment Act and should not be abandoned or ignored during periods of restrictive fiscal and monetary policies.

In other words, Mr. Chairman, we can provide full employment and meet the goals of providing adequate housing for all Americans and, at the same time, continue our efforts to curb inflation.

As I stated earlier, it is totally unrealistic and unacceptable to expect one segment of our economy to pay the price of the previous administration's fiscal mismanagement.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLAND, 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. 15091), to lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes, pursuant to House Resolution 755, he reported the bill back to the House with sundry amendments 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?

Mr. PATMAN. Mr. Speaker, I demand a separate vote on section 2 and also section 3 of the bill, commencing on page 1, and down to the end of page 2. That is two amendments.

The SPEAKER. The Chair would like to inquire of the gentleman, does the gentleman mean the amendments striking out sections 2 and 3 of the bill?

Mr. PATMAN. I am opposed to striking out the provision which the committee had stricken out.

The SPEAKER. Is the gentleman asking for a separate vote on the striking out of section 2 and section 3?

Mr. PATMAN. That is correct.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

> Amendment: Page 2, strike out lines 2 through 15.

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. STEPHENS) there were—ayes 52, noes 56.

Mr. STEPHENS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

PARLIAMENTARY INQUIRY

Mr. GERALD R. FORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman from Michigan will state his parliamentary inquiry.

Mr. GERALD R. FORD. Mr. Speaker, is this rollcall vote on both section 2 and section 3, or just on section 2?

The SPEAKER. The rollcall vote is on the amendment to strike out section 2. Section 3 will come later.

Mr. GERALD R. FORD. I thank the Speaker.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 231, nays 172, answered "present" 1, not voting 29, as follows:

[Roll No. 331]

YEAS—231

Abernethy	Eshleman	Miller, Ohio
Adair	Findley	Minshall
Anderson, Ill.	Fish	Mize
Andrews, N. Dak.	Fisher	Mizell
Arends	Flynt	Monagan
Ashbrook	Ford, Gerald R.	Montgomery
Aspinall	Foreman	Morse
Ayres	Fountain	Morton
Baring	Frelinghuysen	Mosher
Beall, Md.	Frey	Myers
Belcher	Fuqua	Nelsen
Bell, Calif.	Galifianakis	Nichols
Bennett	Gettys	O'Neal, Ga.
Berry	Goldwater	Passman
Betts	Goodling	Pettis
Biester	Griffin	Pirnie
Blackburn	Gross	Poage
Boland	Grover	Poff
Bow	Gubser	Pollock
Bray	Gude	Preyer, N.C.
Brinkley	Hagan	Price, Tex.
Brock	Haley	Purcell
Broomfield	Hammer-schmidt	Quie
Brotzman	Hansen, Idaho	Quillen
Brown, Ohio	Hansen, Wash.	Railsback
Broyhill, N.C.	Harsha	Rarick
Broyhill, Va.	Harvey	Rees
Buchanan	Hastings	Reid, Ill.
Burke, Fla.	Heckler, Mass.	Reifel
Burleson, Tex.	Henderson	Rhodes
Burton, Utah	Hogan	Riegle
Bush	Horton	Roberts
Button	Hosmer	Robison
Byrnes, Wis.	Hunt	Rogers, Fla.
Cabell	Hutchinson	Roth
Caffery	Jarman	Roudebush
Camp	Johnson, Pa.	Ruppe
Carter	Jonas	Ruth
Cederberg	Jones, N.C.	Sandman
Chamberlain	Keith	Satterfield
Chappell	King	Saylor
Clancy	Kleppe	Schadeberg
Clausen, Don H.	Kuykendall	Scherle
Clawson, Del	Kyl	Schneebeli
Cleveland	Landgrebe	Schwengel
Cohelan	Landrum	Scott
Collier	Langen	Sebelius
Collins	Latta	Shriver
Colmer	Leggett	Sikes
Conable	Lennon	Skubitz
Corbett	Lloyd	Smith, Calif.
Cowger	Lujan	Smith, N.Y.
Cramer	Lukens	Snyder
Crane	McClory	Springer
Daniel, Va.	McClure	Stafford
Davis, Ga.	McCulloch	Stanton
Davis, Wis.	McDade	Steiger, Ariz.
Dellenback	McDonald, Mich.	Steiger, Wis.
Denney	McEwen	Stephens
Dennis	McKneally	Stuckey
Derwinski	McMillan	Talcott
Devine	MacGregor	Taylor
Dickinson	Mahon	Teague, Calif.
Dorn	Mailliard	Thompson, Ga.
Downing	Mann	Thomson, Wis.
Duncan	Marsh	Utt
Dwyer	Mathias	Van Deerlin
Edwards, Ala.	May	Vander Jagt
Edwards, La.	Mayne	Waggonner
Erlenborn	Meskill	Wampler
Esch	Michel	Watkins
		Watson
		Weicker
Whalen	Wilson, Bob	Wydler
Whitehurst	Wilson, Charles H.	Wylie
Whitten	Winn	Wyman
Widnall	Wold	Zion
Wiggins	Wyatt	Zwach
Williams		

NAYS—172

Adams	Gallagher	Nix
Addabbo	Garmatz	Obey
Albert	Gaydos	O'Hara
Alexander	Giaimo	O'Konski
Anderson, Calif.	Gibbons	Olsen
	Gilbert	O'Neill, Mass.
Anderson, Tenn.	Gonzalez	Ottinger
	Gray	Patman
Annunzio	Green, Oreg.	Patten
Ashley	Green, Pa.	Pepper
Barrett	Griffiths	Perkins
Bevill	Halpern	Philbin
Biaggi	Hamilton	Pickle
Bingham	Hanley	Pike
Blanton	Harrington	Podell
Blatnik	Hathaway	Price, Ill.
Boggs	Hawkins	Pryor, Ark.
Brademas	Hays	Pucinski
Brasco	Hechler, W. Va.	Randall
Brooks	Helstoski	Reid, N.Y.
Brown, Calif.	Hicks	Reuss
Brown, Mich.	Holifield	Rodino
Burke, Mass.	Howard	Roe
Burlison, Mo.	Hungate	Rogers, Colo.
Burton, Calif.	Ichord	Rooney, N.Y.
Byrne, Pa.	Jacobs	Rooney, Pa.
Carey	Johnson, Calif.	Rosenthal
Casey	Jones, Ala.	Rostenkowski
Celler	Jones, Tenn.	Roybal
Clark	Karth	Ryan
Clay	Kastenmeier	St Germain
Conte	Kazen	St. Onge
Corman	Kee	Scheuer
Culver	Kluczynski	Shipley
Daddario	Koch	Slack
Daniels, N.J.	Kyros	Smith, Iowa
de la Garza	Long, La.	Staggers
Delaney	Long, Md.	Stokes
Dent	Lowenstein	Stratton
Diggs	McCarthy	Stubblefield
Dingell	McFall	Sullivan
Donohue	Macdonald, Mass.	Symington
Dowdy		Teague, Tex.
Dulski	Madden	Thompson, N.J.
Eckhardt	Matsunaga	Tiernan
Edmondson	Meeds	Udall
Eilberg	Melcher	Ullman
Evans, Colo.	Mikva	Vanik
Farbstein	Miller, Calif.	Vigorito
Feighan	Mills	Waldie
Flood	Minish	Watts
Flowers	Mink	White
Foley	Mollohan	Wolff
Ford, William D.	Moorhead	Wright
	Morgan	Yates
Fraser	Murphy, Ill.	Yatron
Friedel	Murphy, N.Y.	Young
Fulton, Pa.	Natcher	Zablocki
Fulton, Tenn.	Nedzi	

ANSWERED "PRESENT"—1

Hull

NOT VOTING—29

Abbitt	Evins, Tenn.	Moss
Andrews, Ala.	Fallon	Pelly
Bolling	Fascell	Powell
Cahill	Hall	Rivers
Chisholm	Hanna	Sisk
Conyers	Hébert	Steed
Coughlin	Kirwan	Taft
Cunningham	Lipscomb	Tunney
Dawson	McCloskey	Whalley
Edwards, Calif.	Martin	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Martin for, with Mr. Edwards of California against.

Mr. Pelly for, with Mr. Hanna against.

Mr. Lipscomb for, with Mr. Fallon against.

Mr. Cunningham for, with Mr. Tunney against.

Until further notice:

Mr. Hébert with Mr. Cahill.

Mr. Rivers with Mr. Hall.

Mr. Sisk with Mr. McCloskey.

Mr. Moss with Mr. Taft.

Mr. Steed with Mr. Whalley.

Mr. Abbitt with Mr. Andrews of Alabama.

Mr. Fascell with Mr. Evins of Tennessee.

Mr. Kirwan with Mr. Conyers.

Mr. Dawson with Mrs. Chisholm.

Mr. BINGHAM, Mr. LONG of Maryland, Mr. WALDIE, and Mr. SLACK changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: On page 2, beginning on line 16, strike all of section 3.

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 162, noes 115.

Mr. PATMAN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 233, nays 170, answered "present" 1, not voting 29, as follows:

[Roll No. 332]

YEAS—233

Abernethy	Derwinski	McClure
Adair	Devine	McCulloch
Anderson, Ill.	Dickinson	McDade
Andrews, N. Dak.	Dorn	McDonald, Mich.
	Dowdy	
Arends	Downing	McEwen
Ashbrook	Duncan	McKneally
Ashley	Dwyer	McMillan
Aspinall	Edwards, Ala.	MacGregor
Ayres	Erlenborn	Mahon
Baring	Esch	Mailliard
Beall, Md.	Eshleman	Mann
Belcher	Findley	Marsh
Bell, Calif.	Fish	Mathias
Bennett	Fisher	May
Berry	Flynt	Mayne
Betts	Ford, Gerald R.	Meskill
Biester	Foreman	Michel
Blackburn	Fountain	Miller, Ohio
Blanton	Frelinghuysen	Minshall
Bow	Frey	Mize
Bray	Fuqua	Mizell
Brinkley	Galifianakis	Monagan
Brock	Gettys	Montgomery
Broomfield	Goldwater	Moorhead
Brotzman	Goodling	Morse
Brown, Ohio	Griffin	Morton
Broyhill, N.C.	Gross	Mosher
Broyhill, Va.	Grover	Myers
Buchanan	Gubser	Nelsen
Burke, Fla.	Gude	O'Neal, Ga.
Burleson, Tex.	Hagan	Passman
Burton, Utah	Haley	Pettis
Bush	Hammer-schmidt	Pickle
Button		Pirnie
Byrnes, Wis.	Hansen, Idaho	Poage
Cabell	Harsha	Poff
Caffery	Harvey	Pollock
Camp	Hastings	Preyer, N.C.
Carter	Heckler, Mass.	Price, Tex.
Casey	Henderson	Purcell
Cederberg	Hogan	Quie
Celler	Horton	Quillen
Chamberlain	Hosmer	Railsback
Chappell	Hunt	Rarick
Clancy	Hutchinson	Rees
Clausen, Don H.	Jarman	Reid, Ill.
	Johnson, Pa.	Reifel
Clawson, Del	Jonas	Rhodes
Cleveland	Jones, N.C.	Riegle
Collier	Keith	Roberts
Collins	King	Robison
Colmer	Kleppe	Rogers, Fla.
Conable	Kuykendall	Roth
Corbett	Kyl	Roudebush
Cowger	Landgrebe	Ruppe
Cramer	Landrum	Ruth
Crane	Langen	Sandman
Daniel, Va.	Latta	Satterfield
Davis, Ga.	Lennon	Saylor
Davis, Wis.	Lloyd	Schadeberg
Dellenback	Lujan	Scherle
Denney	Lukens	Schneebeli
Dennis	McClory	Schwengel

Scott	Stuckey	Whalen
Sebelius	Talcott	Whitehurst
Shriver	Taylor	Whitten
Sikes	Teague, Calif.	Widnall
Skubitz	Teague, Tex.	Wiggins
Smith, Calif.	Thompson, Ga.	Williams
Smith, Iowa	Thomson, Wis.	Wilson, Bob
Smith, N.Y.	Utt	Winn
Snyder	Van Deerlin	Wold
Springer	Vander Jagt	Wyatt
Stafford	Waggonner	Wydler
Stanton	Wampler	Wylie
Steiger, Ariz.	Watkins	Wyman
Steiger, Wis.	Watson	Zion
Stephens	Weicker	Zwach

NAYS—170

Adams	Gaydos	Nix
Addabbo	Giaimo	Obey
Albert	Gibbons	O'Hara
Alexander	Gilbert	O'Konski
Anderson, Calif.	Gonzalez	Olsen
	Gray	O'Neill, Mass.
Anderson, Tenn.	Green, Oreg.	Ottinger
	Green, Pa.	Patman
Annunzio	Griffiths	Patten
Barrett	Halpern	Pepper
Bevill	Hamilton	Perkins
Biaggi	Hanley	Philbin
Bingham	Hansen, Wash.	Pike
Blatnik	Harrington	Podell
Boggs	Hathaway	Price, Ill.
Boland	Hawkins	Pryor, Ark.
Brademas	Hays	Pucinski
Brasco	Hechler, W. Va.	Randall
Brooks	Helstoski	Reid, N.Y.
Brown, Calif.	Hicks	Reuss
Brown, Mich.	Holifield	Rodino
Burke, Mass.	Howard	Roe
Burlison, Mo.	Hungate	Rogers, Colo.
Burton, Calif.	Ichord	Rooney, N.Y.
Byrne, Pa.	Jacobs	Rooney, Pa.
Carey	Johnson, Calif.	Rosenthal
Clark	Jones, Ala.	Rostenkowski
Clay	Jones, Tenn.	Roybal
Cohelan	Karth	Ryan
Conte	Kastenmeier	St Germain
Corman	Kazen	St. Onge
Culver	Kee	Scheuer
Daddario	Kluczynski	Shipley
Daniels, N.J.	Koch	Slack
de la Garza	Kyros	Staggers
Delaney	Leggett	Stokes
Dent	Long, La.	Stratton
Diggs	Long, Md.	Stubblefield
Dingell	Lowenstein	Sullivan
Donohue	McCarthy	Symington
Dulski	McFall	Thompson, N.J.
Eckhardt	Macdonald, Mass.	Tiernan
Edmondson		Udall
Edwards, La.	Madden	Ullman
Eilberg	Matsunaga	Vanik
Evans, Colo.	Meeds	Vigorito
Farbstein	Melcher	Waldie
Feighan	Mikva	Watts
Flood	Miller, Calif.	White
Flowers	Mills	Wilson, Charles H.
Foley	Minish	
Ford, William D.	Mink	Wolff
	Mollohan	Wright
Fraser	Morgan	Yates
Friedel	Murphy, Ill.	Yatron
Fulton, Pa.	Murphy, N.Y.	Young
Fulton, Tenn.	Natcher	Zablocki
Gallagher	Nedzi	
Garmatz	Nichols	

ANSWERED "PRESENT"—1

Hull

NOT VOTING—29

Abbitt	Evins, Tenn.	Moss
Andrews, Ala.	Fallon	Pelly
Bolling	Fascell	Powell
Cahill	Hall	Rivers
Chisholm	Hanna	Sisk
Conyers	Hébert	Steed
Coughlin	Kirwan	Taft
Cunningham	Lipscomb	Tunney
Dawson	McCloskey	Whalley
Edwards, Calif.	Martin	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Coughlin for, with Mr. Evins of Tennessee against.

Mr. Martin for, with Mr. Edwards of California against.

Mr. Pelly for, with Mr. Hanna against.

Mr. Lipscomb for, with Mr. Fallon against.

Mr. Cunningham for, with Mr. Tunney against.

Until further notice:

Mr. Hébert with Mr. Cahill.
Mr. Rivers with Mr. Hall.
Mr. Sisk with Mr. McCloskey.
Mr. Andrews of Alabama with Mr. Taft.
Mr. Abbitt with Mr. Whalley.
Mr. Dawson with Mr. Moss.
Mr. Fascell with Mr. Steed.
Mr. Kirwan with Mr. Powell.
Mr. Conyers with Mrs. Chisholm.

The result of the vote was announced as above recorded.

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. 15091 to the Committee on Banking and Currency with instructions to report the same back to the House forthwith with the following amendment: Strike all after the enacting clause and insert in lieu thereof:

That section 7 of the Act of September 21, 1966 (Public Law 89-587; 80 Stat. 823), is amended to read:

"SEC. 7. Effective March 22, 1971—

"(1) So much of section 19(j) of the Federal Reserve Act (12 U.S.C. 371(b)) as precedes the third sentence thereof is amended to read as it would without the amendment made by section 2(c) of this Act;

"(2) The second and third sentences of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) are amended to read as they would without the amendment made by section 3 of this Act;

"(3) The last three sentences of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) are repealed; and

"(4) Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is repealed."

SEC. 2. (a) Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by adding at the end thereof the following new sentences: "The authority conferred by this subsection shall also apply to noninsured banks in any State if (1) the total amount of time and savings deposits held in all such banks in the State, plus the total amount of deposits, shares, and withdrawable accounts held in all building and loan, savings and loan, and homestead associations (including cooperative banks) in the State which are not members of a Federal home loan bank, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of such State a bank supervisory agency with authority comparable to that conferred by this subsection, including specifically the authority to regulate the rates of interest and dividends paid by such noninsured banks on time and savings deposits, or if such agency exists it has not issued regulations in the exercise of that authority. Such authority shall only be exercised by the Board of Directors with respect to such noninsured banks prior to July 31, 1970, to limit the rates of interest or dividends which such banks may pay on time and savings deposits to maximum rates not lower than 5½ per centum per annum. Whenever it shall appear to the Board of Directors that any noninsured bank or any affiliate thereof is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this subsection or of any regulations thereunder, the Board of Directors may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the noninsured bank or affiliate thereof is located to enjoin such acts or practices, to enforce compliance with this subsection or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be grateful without bond."

(b) Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended to read as follows:

"SEC. 5B. (a) The Board may from time to time, after consulting with the Board of Governors of the Federal Reserve System and the Board of Directors of the Federal Deposit Insurance Corporation, prescribe rules governing the payment and advertisement of interest or dividends on deposits, shares, or withdrawable accounts, including limitations on the rates of interest or dividends on deposits, shares, or withdrawable accounts that may be paid by members, other than those the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act, by institutions which are insured institutions as defined in section 401(a) of the National Housing Act, and by nonmember building and loan, savings and loan, and homestead associations, and cooperative banks. The Board may prescribe different rate limitations for different classes of deposits, shares, or withdrawable accounts, for deposits, shares, or withdrawable accounts of different amounts or with different maturities or subject to different conditions regarding withdrawal or repayment, according to the nature or location of such members, institutions, or nonmembers or their depositors, shareholders or withdrawable account holders, or according to such other reasonable bases as the Board may deem desirable in the public interest. The authority conferred by this subsection shall apply to nonmember building and loan, savings and loan, and homestead associations, and cooperative banks in any State if (1) the total amount of deposits, shares, and withdrawable accounts held in all such nonmember associations and banks in the State, plus the total amount of time and savings deposits held in all banks in the State which are not insured by the Federal Deposit Insurance Corporation, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of such State a bank supervisory agency with authority comparable to that conferred by the first two sentences of this subsection, including specifically the authority to regulate the rates of interest and dividends paid by any such association or bank on deposits, shares, or withdrawable accounts, or if such agency exists it has not issued regulations in the exercise of that authority. Such authority shall only be exercised by the Board with respect to such nonmember associations and banks prior to July 31, 1970, to limit the rates of interest or dividends which such associations or banks may pay on deposits, shares, or withdrawable accounts to maximum rates not lower than 5½ per centum per annum.

"(b) In addition to any other penalty provided by this or any other law, any institution subject to this section which violates a rule promulgated pursuant to this section shall be subject to such civil penalties, which shall not exceed $100 for each violation, as

may be prescribed by said Board by rule and such rule may provide with respect to any or all such violations that each day on which the violation continues shall constitute a separate violation. The Board may recover any such civil penalty for its own use, through action or otherwise, including recovery thereof in any other action or proceeding under this section. The Board may, at any time before collection of any such penalty, whether before or after the bringing of an action or other legal proceeding, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process therefor, and with or without consideration, compromise, remit, or mitigate in whole or in part any such penalty or any such recovery.

"(c) Whenever it shall appear to the Board that any nonmember institution is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this section or of any regulations thereunder, the Board may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the institution is located to enjoin such acts or practices, to enforce compliance with this section or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond.

"(d) All expenses of the Board under this section shall be considered as nonadministrative expenses."

SEC. 3. Section 11(i) of the Federal Home Loan Bank Act (12 U.S.C. 1431(i)) is amended—

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

(2) by striking out the last sentence thereof and inserting in lieu thereof the following: "Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon terms and conditions as shall be determined by the Secretary of the Treasury and shall bear such rate of interest as may be determined by the Secretary of the Treasury taking into consideration the current average market yield for the month preceding the month of such purchase on outstanding marketable obligations of the United States."; and

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

"It is the sense of Congress that the authority provided in this subsection be used by the Secretary of the Treasury, when alternative means cannot effectively be employed, to permit members of the Home Loan Bank System to continue to supply reasonable amounts of funds to the mortgage market whenever the ability to supply such funds is substantially impaired during periods of monetary stringency and rapidly rising interest rates and that any funds so borrowed will be repaid by the Home Loan Bank Board at the earliest practicable date."

SEC. 4. (a) Section 19(a) of the Federal Reserve Act (12 U.S.C. 461) is amended by inserting after the word "interest," the following: "to determine what types of obligations, whether issued directly by a member bank or indirectly by an affiliate of a member bank or by other means, shall be deemed a deposit for the purposes of subsection (j),".

(b)(1) The fourth sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows: "The Board of Directors is authorized for the purposes of this subsection to define the terms 'time deposits' and 'savings deposits', to determine what shall be deemed a payment of interest, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this subsection and to prevent evasions thereof."

(2) Section 18(g) of such Act is further amended by inserting after the fifth sentence the following: "The provisions of this subsection and of regulations issued thereunder shall also apply, in the discretion of the Board of Directors, to obligations other than deposits that are undertaken by insured nonmember banks or their affiliates for the purpose of obtaining funds to be used in the banking business. As used in this subsection, the term 'affiliate' has the same meaning as when used in section 2(b) of the Banking Act of 1933, as amended (12 U.S.C. 221a(b)), except that the term 'member bank', as used in such section 2(b), shall be deemed to refer to an insured nonmember bank."

(c) The first sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by inserting "or dividends" after "interest".

SEC. 5. Section 19(b) of the Federal Reserve Act (12 U.S.C. 461) is amended by adding at the end thereof a new sentence as follows: "The Board may, however, prescribe any reserve ratio, not more than 22 per centum, with respect to any indebtedness of a member bank that arises out of a transaction in the ordinary course of its banking business with respect to either funds received or credit extended by such bank to a bank organized under the law of a foreign country or a dependency or insular possession of the United States.".

Mr. WIDNALL (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

There was no objection.

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. 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 193, nays 206, answered "present"—1, not voting 33, as follows:

[Roll No. 333]

YEAS—193

Abernethy	Chamberlain	Frelinghuysen
Adair	Clancy	Frey
Anderson, Ill.	Clausen, Don H.	Fulton, Pa.
Andrews, N. Dak.	Clawson, Del	Goldwater
Arends	Cleveland	Goodling
Ashbrook	Collier	Gross
Ayres	Collins	Grover
Baring	Colmer	Gubser
Beall, Md.	Conable	Gude
Belcher	Conte	Haley
Bell, Calif.	Corbett	Halpern
Berry	Coughlin	Hammer-schmidt
Betts	Cramer	Hansen, Idaho
Biester	Crane	Harsha
Blackburn	Daniel, Va.	Harvey
Bow	Davis, Wis.	Hastings
Bray	Dellenback	Heckler, Mass.
Brock	Denney	Hogan
Broomfield	Dennis	Horton
Brotzman	Derwinski	Hosmer
Brown, Mich.	Devine	Hunt
Brown, Ohio	Dickinson	Hutchinson
Broyhill, N.C.	Dowdy	Jarman
Broyhill, Va.	Duncan	Johnson, Pa.
Buchanan	Dwyer	Jonas
Burke, Fla.	Edwards, Ala.	Keith
Burleson, Tex.	Erlenborn	King
Burton, Utah	Esch	Kleppe
Bush	Eshleman	Kuykendall
Button	Findley	Kyl
Byrnes, Wis.	Fish	Landgrebe
Camp	Flynt	Langen
Carter	Ford, Gerald R.	Latta
Cederberg	Foreman	Lujan
Lukens	Poage	Springer
McClory	Poff	Stafford
McClure	Price, Tex.	Stanton
McCulloch	Quie	Steiger, Ariz.
McDade	Quillen	Steiger, Wis.
McDonald, Mich.	Railsback	Talcott
McEwen	Rarick	Teague, Calif.
McKneally	Reid, Ill.	Thompson, Ga.
MacGregor	Reid, N.Y.	Thomson, Wis.
Mailliard	Reifel	Utt
Marsh	Rhodes	Vander Jagt
Mathias	Riegle	Wampler
May	Robison	Watkins
Mayne	Roth	Watson
Meskill	Roudebush	Weicker
Michel	Ruppe	Whalen
Miller, Ohio	Ruth	Whitehurst
Minshall	Sandman	Whitten
Mize	Satterfield	Widnall
Mizell	Saylor	Wiggins
Montgomery	Schadeberg	Williams
Morse	Scherle	Wilson, Bob
Morton	Schneebeli	Winn
Mosher	Schwengel	Wold
Myers	Scott	Wyatt
Nelsen	Sebelius	Wydler
O'Konski	Shriver	Wylie
Passman	Skubitz	Wyman
Pettis	Smith, Calif.	Zion
Pirnie	Smith, N.Y.	Zwach
	Snyder	

NAYS—206

Adams	Gallagher	Nix
Addabbo	Garmatz	Obey
Albert	Gaydos	O'Hara
Alexander	Gettys	Olsen
Anderson, Calif.	Giaimo	O'Neal, Ga.
Anderson, Tenn.	Gibbons	O'Neill, Mass.
Annunzio	Gilbert	Ottinger
Ashley	Gonzalez	Patman
Aspinall	Gray	Patten
Barrett	Green, Oreg.	Pepper
Bennett	Green, Pa.	Perkins
Bevill	Griffin	Philbin
Biaggi	Griffiths	Pickle
Bingham	Hagan	Pike
Blanton	Hamilton	Podell
Blatnik	Hanley	Preyer, N.C.
Boggs	Hansen, Wash.	Price, Ill.
Boland	Harrington	Pryor, Ark.
Brademas	Hathaway	Pucinski
Brasco	Hawkins	Purcell
Brinkley	Hays	Randall
Brooks	Hechler, W. Va.	Rees
Brown, Calif.	Helstoski	Reuss
Burke, Mass.	Henderson	Roberts
Burlison, Mo.	Hicks	Rodino
Burton, Calif.	Holifield	Roe
Byrne, Pa.	Howard	Rogers, Colo.
Cabell	Hungate	Rogers, Fla.
Caffery	Ichord	Rooney, N.Y.
Carey	Jacobs	Rooney, Pa.
Casey	Johnson, Calif.	Rosenthal
Celler	Jones, Ala.	Rostenkowski
Chappell	Jones, N.C.	Roybal
Clark	Jones, Tenn.	Ryan
Clay	Karth	St Germain
Cohelan	Kastenmeier	St. Onge
Corman	Kazen	Scheuer
Culver	Kee	Shipley
Daddario	Kluczynski	Sikes
Daniels, N.J.	Koch	Slack
Davis, Ga.	Kyros	Smith, Iowa
de la Garza	Landrum	Staggers
Delaney	Leggett	Stephens
Dent	Lennon	Stokes
Diggs	Long, La.	Stratton
Dingell	Long, Md.	Stubblefield
Donohue	Lowenstein	Stuckey
Dorn	McCarthy	Sullivan
Downing	McFall	Symington
Dulski	Macdonald, Mass.	Taylor
Eckhardt	Madden	Thompson, N.J.
Edmondson	Mahon	Tiernan
Edwards, La.	Mann	Udall
Eilberg	Matsunaga	Ullman
Evans, Colo.	Meeds	Van Deerlin
Farbstein	Melcher	Vanik
Feighan	Mikva	Vigorito
Fisher	Miller, Calif.	Waggonner
Flood	Mills	Waldie
Flowers	Minish	Watts
Foley	Mink	White
Ford, William D.	Mollohan	Wilson, Charles H.
Fountain	Monagan	Wolff
Fraser	Moorhead	Wright
Friedel	Morgan	Yates
Fulton, Tenn.	Murphy, Ill.	Yatron
Fuqua	Murphy, N.Y.	Young
Galifianakis	Natcher	Zablocki
	Nedzi	
	Nichols	

ANSWERED "PRESENT"—1

Hull

NOT VOTING—33

Abbitt	Fallon	Moss
Andrews, Ala.	Fascell	Pelly
Bolling	Hall	Pollock
Cahill	Hanna	Powell
Chisholm	Hébert	Rivers
Conyers	Kirwan	Sisk
Coughlin	Lipscomb	Steed
Cunningham	Lloyd	Taft
Dawson	McCloskey	Teague, Tex.
Edwards, Calif.	McMillan	Tunney
Evins, Tenn.	Martin	Whalley

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Coughlin for, with Mr. Evins of Tennessee against.

Mr. Martin for, with Mr. Edwards of California against.

Mr. Pelly for, with Mr. Hanna against.

Mr. Lipscomb for, with Mr. Fallon against.

Mr. Cunningham for, with Mr. Tunney against.

Mr. Pollock for, with Mr. Fascell against.

Until further notice:

Mr. Hébert with Mr. Cahill.

Mr. Rivers with Mr. Hall.

Mr. Sisk with Mr. Taft.

Mr. Andrews of Alabama with Mr. Lloyd.

Mr. Steed with Mr. McCloskey.

Mr. Abbitt with Mr. Whalley.

Mrs. Chisholm with Mr. Kirwan.

Mr. Conyers with Mr. Dawson.

Mr. McMillan with Mr. Teague of Texas.

Mr. Powell with Mr. Moss.

Mr. MELCHER and Mr. CELLER changed their votes from "yea" to "nay."

Mr. O'KONSKI changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. ALBERT). 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 260, nays 136, answered "present" 3, not voting 34, as follows:

[Roll No. 334]

YEAS—260

Adams	Caffery	Esch
Addabbo	Carey	Evans, Colo.
Albert	Carter	Farbstein
Alexander	Casey	Feighan
Anderson, Calif.	Celler	Fisher
	Chamberlain	Flood
Anderson, Tenn.	Chappell	Flowers
	Clark	Flynt
Annunzio	Clausen, Don H.	Foley
Ashley		Ford, William D.
Aspinall	Clay	
Barrett	Cleveland	Fountain
Bennett	Cohelan	Fraser
Bevill	Conte	Friedel
Biaggi	Corbett	Fulton, Pa.
Biester	Corman	Fulton, Tenn.
Bingham	Culver	Fuqua
Blanton	Daddario	Galifianakis
Blatnik	Daniels, N.J.	Gallagher
Boggs	Davis, Ga.	Garmatz
Boland	de la Garza	Gaydos
Brademas	Delaney	Gettys
Brasco	Dent	Giaimo
Brinkley	Diggs	Gibbons
Brooks	Dingell	Gilbert
Broomfield	Donohue	Gonzalez
Brown, Calif.	Dorn	Gray
Broyhill, Va.	Dowdy	Green, Oreg.
Burke, Mass.	Downing	Green, Pa.
Burleson, Tex.	Dulski	Griffin
Burlison, Mo.	Dwyer	Griffiths
Burton, Calif.	Eckhardt	Gude
Button	Edmondson	Hagan
Byrne, Pa.	Edwards, La.	Haley
Cabell	Eilberg	Halpern
Hamilton	Mink	Roybal
Hanley	Mize	Ruppe
Hansen, Wash.	Mollohan	Ryan
Harrington	Monagan	St Germain
Harvey	Moorhead	St. Onge
Hathaway	Morgan	Schadeberg
Hawkins	Morse	Scheuer
Hays	Mosher	Schneebeli
Hechler, W. Va.	Murphy, Ill.	Shipley
Heckler, Mass.	Murphy, N.Y.	Shriver
Helstoski	Natcher	Sikes
Henderson	Nedzi	Slack
Hicks	Nelsen	Smith, Iowa
Holifield	Nichols	Snyder
Howard	Nix	Stafford
Hungate	Obey	Staggers
Ichord	O'Hara	Stephens
Jacobs	O'Konski	Stokes
Jarman	Olsen	Stratton
Johnson, Calif.	O'Neal, Ga.	Stubblefield
Jones, Ala.	O'Neill, Mass.	Stuckey
Jones, N.C.	Ottinger	Sullivan
Jones, Tenn.	Passman	Symington
Karth	Patman	Taylor
Kastenmeier	Patten	Teague, Tex.
Kazen	Pepper	Thompson, Ga.
Kee	Perkins	Thompson, N.J.
Kluczynski	Pettis	Thomson, Wis.
Koch	Philbin	Tiernan
Kyros	Pickle	Udall
Landrum	Pike	Ullman
Langen	Poage	Van Deerlin
Leggett	Podell	Vander Jagt
Lennon	Pollock	Vanik
Long, La.	Preyer, N.C.	Vigorito
Long, Md.	Price, Ill.	Waggonner
Lowenstein	Pryor, Ark.	Waldie
McCarthy	Pucinski	Watson
McDade	Purcell	Watts
McDonald, Mich.	Quie	Whalen
	Randall	White
McFall	Rees	Whitehurst
Macdonald, Mass.	Reid, N.Y.	Whitten
	Reifel	Wilson, Charles H.
Madden	Reuss	
Mahon	Riegle	Wolff
Mann	Roberts	Wright
Matsunaga	Rodino	Wyatt
Meeds	Roe	Wydler
Melcher	Rogers, Fla.	Wyman
Mikva	Rooney, N.Y.	Yatron
Miller, Calif.	Rooney, Pa.	Young
Mills	Rosenthal	Zablocki
Minish	Rostenkowski	Zwach

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Abernethy	Eshleman	Michel
Adair	Findley	Miller, Ohio
Anderson, Ill.	Fish	Minshall
Andrews, N. Dak.	Ford, Gerald R.	Mizell
	Foreman	Montgomery
Arends	Frelinghuysen	Morton
Ashbrook	Frey	Myers
Ayres	Goldwater	Pirnie
Baring	Goodling	Poff
Beall, Md.	Gross	Price, Tex.
Belcher	Grover	Quillen
Bell, Calif.	Gubser	Railsback
Berry	Hammer-schmidt	Rarick
Betts		Reid, Ill.
Blackburn	Hansen, Idaho	Rhodes
Bow	Harsha	Robison
Bray	Hastings	Roth
Brock	Hogan	Roudebush
Brotzman	Horton	Ruth
Brown, Mich.	Hosmer	Sandman
Brown, Ohio	Hunt	Satterfield
Broyhill, N.C.	Hutchinson	Saylor
Buchanan	Johnson, Pa.	Scherle
Burke, Fla.	Jonas	Schwengel
Burton, Utah	Keith	Scott
Bush	King	Sebelius
Byrnes, Wis.	Kleppe	Skubitz
Camp	Kuykendall	Smith, Calif.
Cederberg	Kyl	Smith, N.Y.
Clancy	Landgrebe	Springer
Clawson, Del	Latta	Stanton
Collins	Lloyd	Steiger, Ariz.
Colmer	Lujan	Steiger, Wis.
Conable	Lukens	Talcott
Cramer	McClory	Teague, Calif.
Crane	McClure	Wampler
Daniel, Va.	McCulloch	Watkins
Davis, Wis.	McEwen	Weicker
Dellenback	McKneally	Widnall
Dennis	MacGregor	Wiggins
Derwinski	Mailliard	Williams
Devine	Marsh	Wilson, Bob
Dickinson	Mathias	Winn
Duncan	May	Wold
Edwards, Ala.	Mayne	Wylie
Erlenborn	Meskill	Zion

ANSWERED "PRESENT"—3

Collier	Cowger	Hull

NOT VOTING—34

Abbitt	Fallon	Pelly
Andrews, Ala.	Fascell	Powell
Bolling	Hall	Rivers
Cahill	Hanna	Rogers, Colo.
Chisholm	Hébert	Sisk
Conyers	Kirwan	Steed
Coughlin	Lipscomb	Taft
Cunningham	McCloskey	Tunney
Dawson	McMillan	Utt
Denney	Martin	Whalley
Edwards, Calif.	Moss	Yates
Evins, Tenn.		

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Moss for, with Mr. Coughlin against.

Mr. Hanna for, with Mr. Martin against.

Mr. Fallon for, with Mr. Pelly against.

Mr. Rivers for, with Mr. Lipscomb against.

Mr. Edwards of California for, with Mr. Cunningham against.

Mr. Yates for, with Mr. Denney against.

Until further notice:

Mr. Hébert with Mr. Cahill.

Mr. Abbitt with Mr. Hall.

Mr. Steed with Mr. Utt.

Mr. Rogers of Colorado with Mr. Taft.

Mr. Tunney with Mr. McCloskey.

Mr. Andrews of Alabama with Mr. Whalley.

Mr. Conyers with Mrs. Chisholm.

Mr. Evins of Tennessee with Mr. McMillan.

Mr. Fascell with Mr. Kirwan.

Mr. Dawson with Mr. Powell.

Mr. COLLIER changed his vote from "nay" to "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency be discharged from the further consideration of the bill (S. 2577) to provide additional mortgage credit, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas (Mr. PATMAN)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2577

An act to provide additional mortgage credit, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Act of September 21, 1966 (Public Law 89-587; 80 Stat. 823), is amended to read:

"SEC. 7. Effective September 22, 1970—

"(1) So much of section 19(j) of the Federal Reserve Act (12 U.S.C. 371(b)) as precedes the third sentence thereof is amended to read as it would without the amendment made by section 2(c) of this Act;

"(2) The second and third sentences of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) are amended to read as they would without the amendment made by section 3 of this Act;

"(3) The last three sentences of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) are repealed; and

"(4) Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is repealed."

SEC. 2. (a) Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by adding at the end thereof the following new sentences: "The authority conferred by this subsection shall also

apply to noninsured banks in any State if (1) the total amount of time and savings deposits held in all such banks in the State, plus the total amount of deposits, shares, and withdrawable accounts held in all building and loan, savings and loan, and homestead associations (including cooperative banks) in the State which are not members of a Federal home loan bank, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of such State a bank supervisory agency with authority comparable to that conferred by this subsection, including specifically the authority to regulate the rates of interest and dividends paid by such noninsured banks on time and savings deposits, or if such agency exists it has not issued regulations in the exercise of that authority. Such authority shall only be exercised by the Board of Directors with respect to such noninsured banks prior to July 31, 1970, to limit the rates of interest or dividends which such banks may pay on time and savings deposits to maximum rates not lower than 5½ per centum per annum. Whenever it shall appear to the Board of Directors that any noninsured bank or any affiliate thereof is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this subsection or of any regulations thereunder, the Board of Directors may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the noninsured bank or affiliate thereof is located to enjoin such acts or practices, to enforce compliance with this subsection or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond."

(b) Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended to read as follows:

"SEC. 5B. (a) The Board may from time to time, after consulting with the Board of Governors of the Federal Reserve System and the Board of Directors of the Federal Deposit Insurance Corporation, prescribe rules governing the payment and advertisement of interest or dividends on deposits, shares, or withdrawable accounts, including limitations on the rates of interest or dividends on deposits, shares, or withdrawable accounts that may be paid by members, other than those the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act, by institutions which are insured institutions as defined in section 401(a) of the National Housing Act, and by nonmember building and loan, savings and loan, and homestead associations, and cooperative banks. The Board may prescribe different rate limitations for different classes of deposits, shares, or withdrawable accounts, for deposits, shares, or withdrawable accounts of different amounts or with different maturities or subject to different conditions regarding withdrawal or repayment, according to the nature or location of such members, institutions, or nonmembers or their depositors, shareholders or withdrawable account holders, or according to such other reasonable bases as the Board may deem desirable in the public interest. The authority conferred by this subsection shall apply to nonmember building and loan, savings and loan, and homestead associations, and cooperative banks in any State if (1) the total amount of deposits, shares, and withdrawable accounts held in all such nonmember associations and banks in the State, plus the total amount of time and savings deposits held in all banks in the State which are not insured by the Federal Deposit Insurance Corporation, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of such State a bank supervisory agency with authority comparable to that conferred by the first two sentences of this subsection, including specifically the authority to regulate the rates of interest and dividends paid by any such association or bank on deposits, shares, or withdrawable accounts, or if such agency exists it has not issued regulations in banks prior to July 31, 1970, to limit the rates of interest or dividends which such associations or banks may pay on deposits, shares, or withdrawable accounts to maximum rates not lower than 5½ per centum per annum.

"(b) In addition to any other penalty provided by this or any other law, any institution subject to this section which violates a rule promulgated pursuant to this section shall be subject to such civil penalties, which shall not exceed $100 for each violation, as may be prescribed by said Board by rule and such rule may provide with respect to any or all such violations that each day on which the violation continues shall constitute a separate violation. The Board may recover any such civil penalty for its own use, through action or otherwise, including recovery thereof in any other action or proceeding under this section. The Board may, at any time before collection of any such penalty, whether before or after the bringing of an action or other legal proceeding, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process therefor, and with or without consideration, compromise, remit, or mitigate in whole or in part any such penalty or any such recovery.

"(c) Whenever it shall appear to the Board that any nonmember institution is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this section or of any regulations thereunder, the Board may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the institution is located to enjoin such acts or practices, to enforce compliance with this section or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond.

"(d) All expenses of the Board under this section shall be considered as nonadministrative expenses."

SEC. 3. Section 11(i) of the Federal Home Loan Bank Act (12 U.S.C. 1431(i)) is amended—

(1) by striking out "$1,000,000,000" and inserting in lieu there of "$4,000,000,000";

(2) by striking out the last sentence thereof and inserting in lieu thereof the following: "Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon terms and conditions as shall be determined by the Secretary of the Treasury and shall bear such rate of interest as may be determined by the Secretary of the Treasury taking into consideration the current average market yield for the month preceding the month of such purchase on outstanding marketable obligations of the United States."; and

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

"It is the sense of Congress that the authority provided in this subsection be used by the Secretary of the Treasury, when alternative means cannot effectively be employed, to permit members of the Home Loan Bank System to continue to supply reasonable amounts of funds to the mortgage market whenever the ability to supply such funds is substantially impaired during periods of monetary stringency and rapidly rising interest rates and that any funds so borrowed will be repaid by the Home Loan Bank Board at the earliest practicable date."

SEC. 4. (a) Section 19(a) of the Federal Reserve Act (12 U.S.C. 461) is amended by inserting after the word "interest," the following: "to determine what types of obligations, whether issued directly by a member bank or indirectly by an affiliate of a member bank or by other means, shall be deemed a deposit for the purposes of subsection (j),".

(b) (1) The fourth sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows: "The Board of Directors is authorized for the purposes of this subsection to define the terms 'time deposits' and 'savings deposits', to determine what shall be deemed a payment of interest, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this subsection and to prevent evasions thereof."

(2) Section 18(g) of such Act is further amended by inserting after the fifth sentence the following: "The provisions of this subsection and of regulations issued thereunder shall also apply, in the discretion of the Board of Directors, to obligations other than deposits that are undertaken by insured nonmember banks or their affiliates for the purpose of obtaining funds to be used in the banking business. As used in this subsection, the term 'affiliate' has the same meaning as when used in section 2(b) of the Banking Act of 1933, as amended (12 U.S.C. 221a(b)), except that the term 'member bank', as used in such section 2(b), shall be deemed to refer to an insured nonmember bank."

(c) The first sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by inserting "or dividends" after "interest".

SEC. 5. Section 19(b) of the Federal Reserve Act (12 U.S.C. 461) is amended by adding at the end thereof a new sentence as follows: "The Board may, however, prescribe any reserve ratio, not more than 22 per centum, with respect to any indebtedness of a member bank that arises out of a transaction in the ordinary course of tis banking business with respect to either funds received or credit extended by such bank to a bank organized under the law of a foreign country or a dependency or insular possession of the United Stats.".

SEC. 6. Section 708(b) of the Defense Production Act (50 U.S.C. 2158(b)) is amended by striking out everything after "United States", the first time it appears, and inserting a period in lieu thereof.

SEC. 7. Section 708(f) of the Defense Production Act (50 U.S.C. 2158(f)) is repealed.

AMENDMENT OFFERED BY MR. PATMAN

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

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Strike out all after the enacting clause of the bill S. 2577, and insert in lieu thereof the provisions of H.R. 15091, as passed, as follows:

TITLE I—AMENDMENTS TO EXISTING ACTS

SECTION 1. So much of section 7 of the Act of September 21, 1966 (Public Law 89-597; 12 U.S.C. 461 note) as precedes paragraph (1) thereof is amended to read as follows:

"SEC. 7. Effective March 22, 1971,"

SEC. 2. The authority conferred by section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) shall also apply with respect to noninsured banks in any State if (1) the total amount of time and savings deposits held in all such banks in the State,

plus the total amount of deposits, shares, and withdrawable accounts held in all building and loan, savings and loan, and homestead associations (including cooperative banks) in the State which are not members of a Federal home loan bank, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of that State a bank supervisory agency with authority comparable to that conferred by this section, including specifically the authority to regulate the rates of interest and dividends paid by noninsured banks on time and savings deposits, or if such an agency exists it has not issued regulations in the exercise of that authority. The authority conferred by section 18(g) may not be exercised with respect to noninsured banks after July 31, 1970, and may only be exercised to limit the rates of interest or dividends which those banks may pay on time and savings deposits to maximum rates not lower than 5½ per centum per annum. Whenever it appears to the Board of Directors that any noninsured bank or any affiliate thereof is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of that section or of any regulations thereunder, the Board of Directors may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the noninsured bank or affiliate thereof is located to enjoin such acts or practices, to enforce compliance with this section or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond.

SEC. 3. (a) The authority conferred by section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) shall also apply with respect to nonmember building and loan, savings and loan, and homestead associations, and cooperative banks in any State if (1) the total amount of deposits, shares, and withdrawable accounts held in all such nonmember associations and banks in the State, plus the total amount of time and savings deposits held in all banks in the State which are not insured by the Federal Deposit Insurance Corporation, is more than 20 per centum of the total amount of such deposits, shares, and withdrawable accounts held in all banks, and building and loan, savings and loan, and homestead associations (including cooperative banks) in the State, and (2) there does not exist under the laws of that State a bank supervisory agency with authority comparable to that conferred by the first two sentences of this subsection, including specifically the authority to regulate the rates of interest and dividends paid by any such association or bank on deposits, shares, or withdrawable accounts, of if such an agency exists it has not issued regulations in the exercise of that authority. The authority conferred by that section may not be exercised with respect to nonmember associations and banks after July 31, 1970, and may only be exercised to limit the rates of interest or dividends which those associations or banks may pay on deposits, shares, or withdrawable accounts to maximum rates not lower than 5½ per centum per annum.

(b) In addition to any other penalty provided by the Federal Home Loan Bank Act or any other law, any institution subject to this section which violates a rule promulgated pursuant to this section and section 5B of the Federal Home Loan Bank Act shall be subject to such civil penalties, which shall not exceed $100 for each violation, as way be prescribed by the Federal Home Loan Bank Board by rule. Any such rule may provide with respect to any or all such violations that each day on which the violation continues shall constitute a separate violation. The Board may recover any such civil penalty for its own use, through action or otherwise, including recovery thereof in any other action or proceeding under this section. The Board may, at any time before collection of any such penalty, whether before or after the bringing of an action or other legal proceeding, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process therefor, and with or without consideration, compromise, remit, or mitigate in whole or in part any such penalty or and such recovery.

(c) Whenever it appears to the Board that any nonmember institution is engaged or has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this section and section 5B of the Federal Home Loan Bank Act or of any regulations thereunder, the Board may, in its discretion, bring an action in the United States district court for the judicial district in which the principal office of the institution is located to enjoin such acts or practices, to enforce compliance with these sections or any regulations thereunder, or for a combination of the foregoing, and such courts shall have jurisdiction of such actions, and, upon a proper showing, an injunction, restraining order, or other appropriate order may be granted without bond.

(d) All expenses of the Board under this section shall be considered as nonadministrative expenses.

SEC. 4. (a) The Federal Home Loan Bank Act is amended by adding at the end thereof the following:

"SEC. 31. (a) The purpose of this section is to improve the depth and liquidity of the secondary home mortgage market.

"(b) To carry out the purpose of this section, the several Federal Home Loan Banks under the direction of the Board and acting through such agencies and instrumentalities as the Board may deem appropriate, are authorized, pursuant to commitments or otherwise, to purchase, service, sell, or otherwise deal in mortgages which are originated by members or by any institutions whose accounts or deposits are insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation."

(b) Section 11(h) of the Federal Home Loan Bank Act (12 U.S.C. 1431(h)) is amended (A) by inserting "(1) pursuant to section 31 of this Act, (2)" immediately before "in obligations of the United States,", (B) by inserting "(3)" immediately before "in obligations, participations,", and (C) by inserting "(4)" immediately before "in such securities".

(c) Section 16 of the Federal Home Loan Bank Act (12 U.S.C. 1436) is amended (A) by inserting "(1) pursuant to section 31 of this Act, (2)" immediately before "in direct obligations", (B) by inserting "(3)" immediately before "in obligations, participations,", and (C) by inserting "(4)" immediately before "in such securities".

SEC. 5. (a) Effective as of the close of December 31, 1969, section 404 of the National Housing Act is amended

(1) by striking out "plus any creditor obligations of such institution" in subsection (b)(1), and the amendment made by this subdivision (1) shall be applicable also to any then unexpired portion of any then current premium year under subsection (b)(1).

(2) by striking out "and creditor obligations" in subsection (b)(2).

(3) by striking out "and its creditor obligations" in subsection (c).

(4) by striking out "and creditor obligations" each place it appears in subsection (g). The condition in the first sentence of that subsection shall be deemed to be met as of the close of December 31, 1969. The words "such year" in that sentence shall be deemed to include also the year beginning January 1, 1970.

(b) The Federal Savings and Loan Insurance Corporation is authorized by regulation or otherwise

(1) to make such provisions as it may deem advisable with respect to the order in which and the extent to which the components of a pro rata share of its secondary reserve shall be applied or be deemed to have been applied in the case of a reduction of such share through a use under the second sentence of section 404(e) of the National Housing Act or the first sentence of section 404(g), a transfer of part of such share under the third sentence of section 404(e), or otherwise.

(2) to take such action, including without limitation such adjustments and refunds and such deferrals of premium payments and other payments, as it may determine to be necessary or appropriate for or in connection with the implementation of this section or other legislation amending or supplementing said section 404.

SEC. 6. (a) Section 19(a) of the Federal Reserve Act (12 U.S.C. 461) is amended by inserting after the word "interest," the following: "to determine what types of obligations, whether issued directly by a member bank or indirectly by an affiliate of a member bank or by other means, shall be deemed a deposit,".

(b)(1) The fourth sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows: "The Board of Directors is authorized for the purposes of this subsection to define the term 'time deposits' and 'savings deposits', to determine what shall be deemed a payment of interest, and to prescribe such regulations as it may deem necessary to effectuate the purposes of this subsection and to prevent evasions thereof."

(2) Section 18(g) of such Act is further amended by inserting after the fifth sentence the following: "The provisions of this subsection and of regulations issued thereunder shall also apply, in the discretion of the Board of Directors, to obligations other than deposits that are undertaken by insured nonmember banks or their affiliates for the purpose of obtaining funds to be used in the banking business. As used in this subsection, the term 'affiliate' has the same meaning as when used in section 2(b) of the Banking Act of 1933, as amended (12 U.S.C. 221a(b)), except that the term 'member bank', as used in such section 2(b), shall be deemed to refer to an insured nonmember bank."

(c) The first sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by inserting "or dividends" after "interest".

SEC. 7. Section 19(b) of the Federal Reserve Act (12 U.S.C. 461) is amended by adding at the end thereof a new sentence as follows: "The Board may, however, prescribe any reserve ratio, not more than 22 per centum, with respect to any indebtedness of a member bank that arises out of a transaction in the ordinary course of its banking business with respect to either funds received or credit extended by such bank to a bank organized under the law of a foreign country or a dependency or insular possession of the United States.".

SEC. 8. Effective for the period beginning on the date of enactment of this Act and ending March 22, 1971, section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended

(1) by changing, in clause (3) of the third sentence of the first paragraph, "80" to read "90" and "twenty-five" to read "thirty", and

(2) by striking in the first sentence of the third paragraph the comma before "shall" and inserting in lieu thereof "or, to the extent authorized by regulations issued by the Comptroller of the Currency, in the case of

a large construction project not to exceed 5 years,".

SEC. 9. (a) The following provisions of the Federal Deposit Insurance Act are amended by changing "$15,000", each place it appears therein, to read "$25,000":

(1) The first sentence of section 3(m) (12 U.S.C. 1813(m)).

(2) The first sentence of section 7(i) (12 U.S.C. 1817(i)).

(3) The last sentence of section 11(a) (12 U.S.C. 1821(a)).

(4) The fifth sentence of section 11(i) (12 U.S.C. 1821(i)).

(b) The amendments made by this section are not applicable to any claim arising out of the closing of a bank prior to the date of enactment of this Act.

SEC. 10. (a) The following provisions of title IV of the National Housing Act are amended by changing "$15,000", each place it appears therein, to read "$25,000":

(1) Section 401(b) (12 U.S.C. 1724(b)).

(2) Section 405(a) (12 U.S.C. 1728(a)).

(b) The amendments made by this section are not applicable to any claim arising out of a default, as defined in section 401(d) of the National Housing Act, where the appointment of a conservator, receiver, or other legal custodian as set forth in that section becomes effective prior to the date of enactment of this Act.

TITLE II—AUTHORITY FOR CREDIT CONTROL

Sec. 201. Short title

This title may be cited as the Credit Control Act.

Section. 202. Definitions and rules of construction

(a) The definitions and rules of construction set forth in this section apply to the provisions of this title.

(b) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(c) The term "organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(d) The term "person" means a natural person or an organization.

(e) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(f) The term "creditor" refers to any person who extends, or arranges for the extension of, credit, whether in connection with a loan, a sale of property or services, or otherwise.

(g) The term "credit sale" refers to any sale with respect to which credit is extended or arranged by the seller. The term includes any contract in the form of a bailment or lease if the bailee or lessee contracts to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the property and services involved and it is agreed that the bailee or lessee will become, or for no other or a nominal consideration has the option to become, the owner of the property upon full compliance with his obligations under the contract.

(h) The terms "extension of credit" and "credit transaction" include both loans and credit sales.

(i) The term "State" refers to any State, the Commonwealth of Puerto Rico, the District of Columbia, and any territory or possession of the United States.

(j) Any reference to any requirement imposed under this title of any provision thereof includes reference to the regulations of the Board under this title or the provision thereof in question.

Sec. 203. Regulations

The Board shall prescribe regulations to carry out the purposes of this title. These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this title, to prevent circumvention or evasion thereof, or to facilitate compliance therewith.

Sec. 204. Determination of interest charge

Except as otherwise provided by the Board, the amount of the interest charge in connection with any credit transaction shall be determined under the regulations of the Board as the sum of all charges payable directly or indirectly to the person by whom the credit is extended in consideration of the extension of credit.

Sec. 205. Authority for institution of credit controls

(a) Whenever the President determines that such action is necessary or appropriate for the purpose of preventing or controlling inflation generated by the extension of credit in an excessive volume, the President may authorize the Board to regulate and control any or all extensions of credit.

(b) The Board may, in administering this Act, utilize the services of the Federal Reserve banks and any other agencies, Federal or State, which are available and appropriate.

Sec. 206. Extent of control

The Board, upon being authorized by the President under section 105 and for such period of time as he may determine, may by regulation

(1) require transactions or persons or classes of either to be registered or licensed.

(2) prescribe appropriate limitations, terms, and conditions for any such registration or license.

(3) provide for suspension of any such registration or license for violation of any provision thereor or of any regulation, rule, or order prescribed under this Act.

(4) prescribe appropriate requirements as to the keeping of records and as to the form, contents, or substantive provisions of contracts, liens, or any relevant documents.

(5) prohibit solicitations by creditors which would encourage envision or avoidance of the requirements of any regulation, license, or registration under this Act.

(6) prescribe the maximum amount of credit which may be extended on, or in connection with, any loan, purchase, or other extension of credit.

(7) prescribe the maximum rate of interest, maximum maturity, minimum periodic payment, maximum period between payments, and any other specification or limitation of the terms and conditions of any extension of credit.

(8) prescribe the methods of determining purchase prices or market values or other bases for computing permissible extensions of credit or required downpayment.

(9) prescribe special or different terms, conditions, or exemptions with respect to new or used goods, minimum original cash payments, temporary credits which are merely incidental to cash purchases, payment or deposits usable to liquidate credits, and other adjustments or special situations.

Sec. 207. Reports

Reports concerning the kinds, amounts, and characteristics of any extensions of credit subject to this title, or concerning circumstances related to such extensions of credit, shall be filed on such forms, under oath or otherwise, at such times and from time to time, and by such persons, as the Board may prescribe by regulation or order as necessary or appropriate for enabling the Board to perform its functions under this title. The Board may require any person to furnish, under oath or otherwise, complete information relative to any transaction within the scope of this title including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person.

Sec. 208. Injunctions

Whenever it appears to the Board that any person has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any regulation under this title, it may in its discretion bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond. Upon application of the Board, any such court may also issue mandatory injunctions commanding any person to comply with any regulation of the Board under this title.

Sec. 209. Civil penalties

(a) For each willful violation of any regulation under this title, the Board may assess upon any person to which the regulation applies, and upon any partner, director, officer, or employee thereof who willfully participates in the violation, a civil penalty not exceeding $1,000.

(b) In the event of the failure of any person to pay any penalty assessed under this section, a civil action for the recovery thereof may, in the discretion of the Board, be brought in the name of the United States.

Sec. 210. Criminal penalty

Whoever willfully violates any regulation under this title shall be fined not more than $1,000 or imprisoned not more than one year, or both.

TITLE III—SMALL BUSINESS ADMINISTRATION ACTIVITY

SEC. 301. The Small Business Administration shall promptly increase the level of its financing functions utilizing the business loan and investment fund established under section 4(c)(1)(B) of the Small Business Act (15 U.S.C. 633(c)(1)(B) by $70,000,000 above the level prevailing at the time of enactment of this Act. In the event that insufficient appropriated funds are available to carry out the provisions of this section, request for the necessary funds shall be promptly made by the Small Business Administration and cleared by all components of the executive branch having any functions with respect to such requests. The Small Business Administration shall submit to Congress a monthly report of its implementation of this section.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time and passed.

The title was amended so as to read: "To lower interest rates and fight inflation, to help housing, small business, and employment, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 15091) was laid on the table.

APPOINTMENT OF CONFEREES ON S. 2577

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the House insist upon its amendment to the bill (S. 2577) and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Messrs. PATMAN, BARRETT, SULLIVAN, REUSS, WIDNALL, BROCK, and STANTON.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, an-

nounced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 13111. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1970, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13111) entitled "An act making appropriations for the Department of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1970, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. STENNIS, Mr. BIBLE, Mr. BYRD of West Virginia, Mr. HOLLAND, Mr. COTTON,, Mr. FONG, Mr. BOGGS, and Mr. YOUNG of North Dakota. to be the conferees on the part of the Senate.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to extend their remarks and include relevant extraneous matter on the bill just passed

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONFERENCE REPORT ON S. 1075, NATIONAL ENVIRONMENTAL POLICY ACT OF 1969

Mr. DINGELL submitted the following conference report and statement on the bill (S. 1075) to establish a national policy for the environment; to authorize studies, surveys, and research relating to ecological systems, natural resources, and the quality of the human environment; and to establish a Board of Environmental Quality Advisers:

CONFERENCE REPORT (H. REPT. No. 91–765)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1075), to establish a national policy for the environment; to authorize studies, surveys, and research relating to ecological systems, natural resources, and the quality of the human environment; and to establish a Board of Environmental Quality Advisers, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

That this Act may be cited as the "National Environmental Policy Act of 1969".

PURPOSE

SEC. 2. The purposes of this Act are: To declare a national policy which will encourage productive and enjoyable harmony between man and his environment; to promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man; to enrich the understanding of the ecological systems and natural resources important to the Nation; and to establish a Council on Environmental Quality.

TITLE I

DECLARATION OF NATIONAL ENVIRONMENTAL POLICY

SEC. 101. (a) The Congress, recognizing the profound impact of man's activity on the interrelations of all components of the natural environment, particularly the profound influences of population growth, high-density urbanization, industrial expansion, resource exploitation, and new and expanding technological advances and recognizing further the critical importance of restoring and maintaining environmental quality to the overall welfare and development of man, declares that it is the continuing policy of the Federal Government, in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to foster and promote the general welfare, to create and maintain conditions under which man and nature can exist in productive harmony, and fulfill the social, economic, and other requirements of present and future generations of Americans.

(b) In order to carry out the policy set forth in this Act, it is the continuing responsibility of the Federal Government to use all practicable means, consistent with other essential considerations of national policy, to improve and coordinate Federal plans, functions, programs, and resources to the end that the Nation may—

(1) fulfill the responsibilities of each generation as trustee of the environment for succeeding generations;

(2) assure for all Americans safe, healthful, productive, and esthetically and culturally pleasing surroundings;

(3) attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences;

(4) preserve important historic, cultural, and natural aspects of our national heritage, and maintain, wherever possible, an environment which supports diversity and variety of individual choice;

(5) achieve a balance between population and resource use which will permit high standards of living and a wide sharing of life's amenities; and

(6) enhance the quality of renewable resources and approach the maximum attainable recycling of depletable resources.

(c) The Congress recognizes that each person should enjoy a healthful environment and that each person has a responsibility to contribute to the preservation and enhancement of the environment.

SEC. 102. The Congress authorizes and directs that, to the fullest extent possible: (1) the policies, regulations, and public laws of the United States shall be interpreted and administered in accordance with the policies set forth in this Act, and (2) all agencies of the Federal Government shall—

(A) utilize a systematic, interdisciplinary approach which will insure the integrated use of the natural and social sciences and the environmental design arts in planning and in decisionmaking which may have an impact on man's environment;

(B) identify and develop methods and procedures, in consultation with the Council on Environmental Quality established by title II of this Act, which will insure that presently unquantified environmental amenities and values may be given appropriate consideration in decisionmaking along with economic and technical considerations;

(C) include in every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human environment, a detailed statement by the responsible official on—

(i) the environmental impact of the proposed action,

(ii) any adverse environmental effects which cannot be avoided should the proposal be implemented,

(iii) alternatives to the proposed action,

(iv) the relationship between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity, and

(v) any irreversible and irretrievable commitments of resources which would be involved in the proposed action should it be implemented.

Prior to making any detailed statement, the responsible Federal official shall consult with and obtain the comments of any Federal agency which has jurisdiction by law or special expertise with respect to any environmental impact involved. Copies of such statement and the comments and views of the appropriate Federal, State, and local agencies, which are authorized to develop and enforce environmental standards, shall be made available to the President, the Council on Environmental Quality and to the public as provided by section 552 of title 5, United States Code, and shall accompany the proposal through the existing agency review processes;

(D) study, develop, and describe appropriate alternatives to recommended courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources;

(E) recognize the worldwide and long-range character of environmental problems and, where consistent with the foreign policy of the United States, lend appropriate support to initiatives, resolutions, and programs designed to maximize international cooperation in anticipating and preventing a decline in the quality of mankind's world environment;

(F) make available to States, counties, municipalities, institutions, and individuals, advice and information useful in restoring, maintaining, and enhancing the quality of the environment;

(G) initiate and utilize ecological information in the planning and development of resource-oriented projects; and

(H) assist the Council on Environmental Quality established by title II of this Act.

SEC. 103. All agencies of the Federal Government shall review their present statutory authority, administrative regulations, and current policies and procedures for the purpose of determining whether there are any deficiencies or inconsistencies therein which prohibit full compliance with the purposes and provisions of this Act and shall propose to the President not later than July 1, 1971, such measures as may be necessary to bring their authority and policies into conformity with the intent, purposes, and procedures set forth in this Act.

SEC. 104. Nothing in Section 102 or 103 shall in any way affect the specific statutory obligations of any Federal agency (1) to comply with criteria or standards of environmental quality, (2) to coordinate or consult with any other Federal or State agency, or (3) to act, or refrain from acting contingent upon the recommendations or certification of any other Federal or State agency.

SEC. 105. The policies and goals set forth in this Act are supplementary to those set forth in existing authorizations of Federal agencies.

TITLE II

COUNCIL ON ENVIRONMENTAL QUALITY

SEC. 201. The President shall transmit to the Congress annually beginning July 1, 1970, an Environmental Quality Report (hereinafter referred to as the "report") which shall set forth (1) the status and condition of the major natural, manmade, or altered environmental classes of the Nation, including, but not limited to, the air, the aquatic, including marine, estuarine, and fresh water, and the terrestrial environment, including, but not limited to, the forest, dryland, wetland,

range, urban, suburban, and rural environment; (2) current and foreseeable trends in the quality, management and utilization of such environments and the effects of those trends on the social, economic, and other requirements of the Nation; (3) the adequacy of available natural resources for fulfilling human and economic requirements of the Nation in the light of expected population pressures; (4) a review of the programs and activities (including regulatory activities) of the Federal Government, the State and local governments, and nongovernmental entities or individuals, with particular reference to their effect on the environment and on the conservation, development, and utilization of natural resources; and (5) a program for remedying the deficiencies of existing programs and activities, together with recommendations for legislation.

SEC. 202. There is created in the Executive Office of the President a Council on Environmental Quality (hereinafter referred to as the "Council"). The Council shall be composed of three members who shall be appointed by the President to serve at his pleasure, by and with the advice and consent of the Senate. The President shall designate one of the members of the Council to serve as Chairman. Each member shall be a person who, as a result of his training, experience, and attainments, is exceptionally well qualified to analyze and interpret environmental trends and information of all kinds; to appraise programs and activities of the Federal Government in the light of the policy set forth in title I of this Act; to be conscious of and responsive to the scientific, economic, social, esthetic, and cultural needs and interests of the Nation; and to formulate and recommend national policies to promote the improvement of the quality of the environment.

SEC. 203. The Council may employ such officers and employees as may be necessary to carry out its functions under this Act. In addition, the Council may employ and fix the compensation of such experts and consultants as may be necessary for the carrying out of its functions under this Act, in accodance with section 3109 of title 5, United States Code (but without regard to the last sentence thereof).

SEC. 204. It shall be the duty and function of the Council—

(1) to assist and advise the President in the preparation of the Environmental Quality Report required by section 201;

(2) to gather timely and authoritative information concerning the conditions and trends in the quality of the environment both current and prospective, to analyze and interpret such information for the purpose of determining whether such conditions and trends are interfering, or are likely to interfere, with the achievement of the policy set forth in title I of this Act, and to compile and submit to the President studies relating to such conditions and trends;

(3) to review and appraise the various programs and activities of the Federal Government in the light of the policy set forth in title I of this Act for the purpose of determining the extent to which such programs and activities are contributing to the achievement of such policy, and to make recommendations to the President with respect thereto;

(4) to develop and recommend to the President national policies to foster and promote the improvement of environmental quality to meet the conservation, social, economic, health, and other requirements and goals of the Nation;

(5) to conduct investigations, studies, surveys, research, and analyses relating to ecological systems and environmental quality;

(6) to document and define changes in the natural environment, including the plant and animal systems, and to accumulate necessary data and other information for a continuing analysis of these changes or trends and an interpretation of their underlying causes;

(7) to report at least once each year to the President on the state and condition of the environment; and

(8) to make and furnish such studies, reports thereon, and recommendations with respect to matters of policy and legislation as the President may request.

SEC. 205. In exercising its powers, functions, and duties under this Act, the Council shall—

(1) consult with the Citizens' Advisory Committee on Environmental Quality established by Executive Order numbered 11472, dated May 29, 1969, and with such representatives of science, industry, agriculture, labor, conservation organizations, State and local governments, and other groups, as it deems advisable; and

(2) utilize, to the fullest extent possible, the services, facilities, and information (including statistical information) of public and private agencies and organizations, and individuals, in order that duplication of effort and expense may be avoided, thus assuring that the Council's activities will not unnecessarily overlap or conflict with similar activities authorized by law and performed by established agencies.

SEC. 206. Members of the Council shall serve full time and the Chairman of the Council shall be compensated at the rate provided for Level II of the Executive Schedule Pay Rates (5 U.S.C. 5313). The other members of the Council shall be compensated at the rate provided for Level IV of the Executive Schedule Pay Rates (5 U.S.C. 5315).

SEC. 207. There are authorized to be appropriated to carry out the provisions of this Act not to exceed $300,000 for fiscal year 1970, $700,000 for fiscal year 1971, and $1,000,000 for each fiscal year thereafter.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment of the House to the title of the bill, insert the following: "An Act to establish a national policy for the environment, to provide for the establishment of a Council on Environmental Quality, and for other purposes."

And the House agree to the same.

EDWARD A. GARMATZ,
JOHN D. DINGELL,
WAYNE N. ASPINALL,
W. S. MAILLIARD,
JOHN P. SAYLOR,
Managers on the Part of the House.

HENRY M. JACKSON,
FRANK CHURCH,
GAYLORD NELSON,
GORDON ALLOTT,
LEN B. JORDAN,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1075) to establish a national policy for the environment; to authorize studies, surveys, and research relating to ecological systems, natural resources, and the quality of the human environment; and to establish a Board of Environmental Quality Advisers, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for technical clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

PROVISIONS OF THE CONFERENCE SUBSTITUTE

First section and section 2

Section 1 of the Senate bill provided that the bill may be cited as the "National Environmental Policy Act of 1969". Section 2 of the Senate bill contained a statement of the purpose of the bill. There were no similar provisions in the House amendment. The conference substitute conforms to the Senate bill with respect to these two sections.

TITLE I—NATIONAL ENVIRONMENTAL POLICY

Section 101

The Senate bill contained a recognition by Congress of (1) the critical dependency of man on his environment, (2) the profound influences which the factors of contemporary life have had and will have on the environment, and (3) certain specified goals in the management of the environment which the Federal Government should, as a matter of national policy, attain by use of all possible means, consistent with other essential considerations of national policy. The House amendment (in the first section thereof) contained a general statement of national environmental policy, but did not include specified policy goals. The first section of the House amendment also stated that the Federal Government should achieve the general policy in cooperation with State and local governments and certain specified public and private organizations and that financial and technical assistance should be among the means and measures used by the Federal Government to achieve the policy. Under the conference agreement, the language of the House amendment is substantially retained in section 101(a) of the conference substitute; the language setting forth the specified organizations with which the Government should cooperate was dropped in favor of "other concerned public and private agencies".

The national goals of environmental policy specified in the Senate bill are set forth in section 101(b) of the conference substitute.

Section 101(c) of the conference substitute states that "Congress recognizes that each person should enjoy a healthful environment and that each person has a responsibility to contribute to the preservation and enhancement of the environment". The language of the conference substitute reflects a compromise by the conferees with respect to a provision in the Senate bill (but which was not in the House amendment) which stated that the Congress recognizes that "each person has a fundamental and inalienable right to a healthful environment . . .". The compromise language was adopted because of doubt on the part of the House conferees with respect to the legal scope of the original Senate provision.

Section 102

This section of the conference substitute is based on section 102 of the Senate bill. There was no comparable provision in the House amendment. Under the conference substitute, the Congress authorizes and directs that, *to the fullest extent possible:* (1) the Federal laws, regulations, and policies be administered in accordance with the policies set forth in the bill; and (2) all Federal agencies shall—

(A) utilize a systematic, interdisciplinary approach to insure integrated use of the sciences and arts in any official planning or decision-making which may have an impact on the environment;

(B) in consultation with the Council on Environmental Quality, identify and develop methods and procedures to insure that unquantified environmental amenities will be considered in the agency decision making process, along with economic and technical considerations;

(C) include in every recommendation or report on proposals for legislation or other major Federal actions a detailed statement by the responsible official on the environ-

mental impact of the proposed action, any adverse environmental effects which can not be avoided should the proposal be adopted, alternatives to the proposed action, the relationship between the short-term uses of the environment and the maintenance and enhancement of long-term productivity, and any irreversible and irretrievable commitments of resources which would be involved (Under the conference substitute, the responsible Federal official, prior to making any such detailed statement, shall consult with and obtain the comments of any Federal agency having jurisdiction by law or special expertise with respect to any environmental impact involved and the comments of any such agency, together with the comments and views of appropriate State and local agencies shall thereafter be made available to the President, the Council on Environmental Quality, and the public under the provisions of section 552 of title 5, United States Code, and shall accompany the proposal through the subsequent review process. The conferees do not intend that the requirements for comment by other agencies should unreasonably delay the processing of Federal proposals and anticipate that the President will promptly prepare and establish by executive order a list of those agencies which have "jurisdiction by law" or "special expertise" in various environmental matters. With regard to State and local agencies, it is not the intention of the conferees that those local agencies with only a remote interest and which are not primarily responsible for development and enforcement of environmental standards be included. The conferees believe that in most cases the requirement for State and local review may be satisfied by notice of proposed action in the Federal Register and by providing supplementary information upon request of the State and local agencies. To prevent undue delay in the processing of Federal proposals, the conferees recommend that the President establish a time limitation for the receipt of comments from Federal, State, and local agencies similar to the 90-day review period presently established for comment upon certain Federal proposals.);

(D) study, develop, and describe appropriate alternatives to recommend courses of action in any proposal which involves unresolved conflicts concerning alternative uses of available resources;

(E) recognize the worldwide and long range character of environmental problems and, where consistent with the foreign policy of the United States, lend support to programs and other ventures designed to maximize international cooperation in anticipating and preventing a decline in the world environment;

(F) make available to State and local governments and individuals and organizations advice and information useful in restoring, maintaining and enchancing the quality of the environment;

(G) initiate and utilize ecological information in the planning and development of resource-oriented projects; and

(H) assist the Council on Environmental Quality.

As noted above, the conference substitute provides that the phrase "to the fullest extent possible" applies with respect to those actions which Congress authorizes and directs to be done under both clauses (1) and (2) of section 102 (in the Senate bill, the phrase applied only to the directive in clause (1)). In accepting this change to section 102 (and also to the provisions of section 103), the House conferees agreed to delete section 9 of the House amendment from the conference substitute. Section 9 of the House amendment provided that "nothing in this Act shall increase, decrease or change any responsibility or authority of any Federal officials or agency created by other provision of law." In receding from this House provision in favor of the less restrictive provision "to the fullest extent possible", the House conferees are of the view that the new language does not in any way limit the Congressional authorization and directive to all agencies of the Federal Government set out in subparagraphs (A) through (H) of clause (2) of section 102. The purpose of the new language is to make it clear that each agency of the Federal Government shall comply with the directives set out in such subparagraphs (A) through (H) unless the existing law applicable to such agency's operations expressly prohibits or makes full compliance with one of the directives impossible. If such is found to be the case, then compliance with the particular directive is not immediately required. However, as to other activities of that agency, compliance is required. Thus, it is the intent of the conferees that the provision "to the fullest extent possible" shall not be used by any Federal agency as a means of avoiding compliance with the directives set out in section 102. Rather, the language in section 102 is intended to assure that all agencies of the Federal Government shall comply with the directives set out in said section "to the fullest extent possible" under their statutory authorizations and that no agency shall utilize an excessively narrow construction of its existing statutory authorizations to avoid compliance.

Section 103

This section is based upon a provision of the Senate bill (section 102(f)) not in the House amendment. This section, as agreed to by the conferees, provides that all agencies of the Federal Government shall review their "present statutory authority, administrative regulations, and current policies and procedures to determine whether there are any deficiencies and inconsistencies therein which prohibit full compliance with the purpose and provisions" of the bill. If an agency finds such deficiencies or inconsistencies, it is required under this section to propose to the President not later than July 1, 1971, such measures as may be necessary to bring its authority and policies into conformity with the intent, purposes, and procedures of the bill. Section 103 thereby provides a mechanism which shall be utilized by all Federal agencies (1) to ascertain whether there is any provision of their statutory authority which clearly precludes full compliance with the bill and (2) if such is found, to recommend changes in their statutory authority which will enable full compliance with the bill. In conducting the review noted above, it is the understanding of the conferees that an agency shall not construe its existing authority in an unduly narrow manner. Rather, the intent of the conferees is that all Federal agencies shall comply with the provisions of section 102 "to the fullest extent possible," unless, of course, there is found to be a clear conflict between its existing statutory authority and the bill.

Section 104

This section, which was not in the House amendment and which is corollary to the actions taken by the conferees with respect to sections 102 and 103 of the conference substitute, provides that nothing in such sections 102 or 103 shall affect the specific statutory obligations of any Federal agency—

(1) to comply with criteria and standards of environmental quality;

(2) to coordinate or consult with any Federal or State agency; or

(3) to act, or refrain from acting contingent upon the recommendations or certification of any other Federal or State agency.

Section 105

This section declares that the policies and goals set forth in the bill are supplementary to those set forth in existing authorities of Federal agencies. The effect of this section, which is a slightly revised version of section 103 of the Senate bill, is to give recognition to the fact that the bill does not repeal existing law. This section does not, however, obviate the requirement that the Federal agencies conduct their activities in accordance with the provisions of this bill unless to do so would clearly violate their existing statutory authorizations.

TITLE II—COUNCIL ON ENVIRONMENTAL QUALITY

Section 201

Section 201 of the conference substitute, which conforms, except for a date change, with the language of section 2 of the House amendment, requires the President to submit to the Congress annually, beginning July 1, 1970, an Environmental Quality Report which will set forth an up-to-date inventory of the American environment, broadly and generally identified, together with an estimate of the impact of visible future trends upon the environment. Such report shall also include a review of the programs and activities of the Federal, State, and local governments, as well as those of nongovernmental groups, with respect to environmental conditions, together with recommendations for remedying the deficiencies of existing programs, including legislative recommendations.

Section 202

This section of the conference substitute establishes in the Executive Office of the President a Council on Environmental Quality composed of three members appointed by the President by and with the advice and consent of the Senate. One of the members shall be designated by the President as the chairman of the Council. The Senate bill would have created a three-member Board of Environmental Quality Advisors in the Executive Office of the President. (The Senate bill would also have provided for an additional officer, a Deputy Director, in the Office of Science and Technology to assist with environmental problems. The establishment of this additional office is not retained in the conference substitute.) Section 3 of the House amendment would have established a Council on Environmental Quality with five members. The conference substitute provision is basically the House provision but with the membership of the Council reduced to three.

Section 203

The provisions of section 203 of the conference substitute (which were contained in both the Senate bill and the House amendment) permits the Council to hire such officers and employees as are necessary to carry out the purposes of the Act and also permits the Council to hire such experts and consultants as may be appropriate.

Section 204

The House amendment set forth the following duties and functions of the Council on Environmental Quality—

(1) to assist the President in the preparation of the Environmental Quality Report;

(2) to gather information on the short- and long-term problems that merit Council attention, together with a continuing analysis of these problems as they may affect the policies stated in section 101;

(3) to maintain a continuing review of Federal programs and activities as they may affect the policies declared in section 101, and to keep the President informed on the degree to which those programs and activities may be consistent with those policies;

(4) to develop and to recommend policies to the President, on the basis of its activities, whereby the quality of our environment may be enhanced, consistent with our social, economic and other requirements;

(5) to make studies and recommendations relating to environmental considerations, as the President may direct; and

(6) to report at least once each year to the President.

The conference substitute contains the functions and duties listed above and also adds the following functions and duties (which, under the Senate bill, would have been the responsibilities of other Federal agencies)—

(1) to conduct investigations, studies, surveys, research, and analyses relating to ecological systems and environmental quality; and

(2) to document and define changes in the natural environment, including the plant and animal systems, and to accumulate necessary data and other information for a continuing analysis of these changes or trends and an interpretation of their underlying causes.

Section 205

Section 205 of the conference substitute sets forth those public and private organizations with which the Council on Environmental Quality shall consult in carrying out its functions and duties under the Act and states that the Council should utilize, to the fullest extent possible, the services, facilities, and information of public and private organizations and individuals in carrying out such functions and duties. Section 205 conforms to the language in section 7 of the House amendment, with the exception that the conference substitute provision specifies that the Council shall consult with the Citizen's Advisory Committee on Environmental Quality which was established in May, 1969, by Executive Order.

Section 206

This section provides that the Chairman of the Council on Environmental Quality shall be compensated at the rate provided for at Level II of the Executive Schedule Pay Rates, and that the other members of the Council shall be compensated at the rate provided for in Level IV of such Rates. This section conforms with the rates of compensation provided for in both the Senate bill and House amendment.

Section 207

This section of the conference substitute authorizes the appropriation of not to exceed $300,000 in fiscal year 1970, $700,000 in fiscal year 1971, and $1,000,000 in each fiscal year thereafter, to carry out the purposes of the Act. Under the House amendment, the same amounts were authorized to be appropriated except with respect to fiscal year 1971, for which $500,000 was authorized. The Senate bill authorized $1,000,000 to be appropriated annually.

EDWARD A. GARMATZ,
JOHN D. DINGELL,
W. S. MAILLIARD,
JOHN P. SAYLOR,
Managers on the Part of the House.

CONFERENCE REPORT ON S. 2917, FEDERAL COAL MINE HEALTH AND SAFETY ACT

Mr. PERKINS. Mr. Speaker, I call up the conference report on the bill (S. 2917) to improve the health and safety conditions of persons working in the coal mining industry of the United States, 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 Kentucky?

Mr. ERLENBORN. Mr. Speaker, reserving the right to object, I would like to make a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ERLENBORN. It is my intention to make a point of order against the conference report. I understand that this must be made before the statement on the part of the managers is read. Am I correct?

The SPEAKER. In response to the parliamentary inquiry, the gentleman's understanding is also the understanding of the Chair. The gentleman is correct.

Mr. ERLENBORN. If I do not object to the unanimous-consent request for dispensing with the reading of the report, will I be protected in my point of order before the statement of the managers is read?

The SPEAKER. The gentleman could reserve a point of order, and he could exercise it at the conclusion of the reading of the statement of the managers on the part of the House.

Mr. ERLENBORN. Mr. Speaker, I reserve the point of order against the report and withdraw my reservation of objection.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of December 16, 1969, page 39462.)

Mr. PERKINS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers on the part of the House be dispensed with.

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

There was no objection.

Mr. ERLENBORN. Mr. Speaker, I renew my point of order.

The SPEAKER. The gentleman will state his point of order.

Mr. ERLENBORN. Mr. Speaker, I made a point of order against the conference report in that in several instances matters not in disagreement between the House and the Senate were amended in the conference report, and the conference report includes matters that were not included in either the House or the Senate version of the bill. I would like to be heard on that point of order.

The SPEAKER. The Chair will hear the gentleman.

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

Mr. ERLENBORN. I cannot yield at this time.

Mr. BURTON of California. It would be a little easier if those of us on this side of the aisle could get a copy of the gentleman's objections.

Mr. ERLENBORN. I am sorry, I do not have additional copies.

Mr. Speaker, section 401, part B, of the conference report refers to total disability due to pneumoconiosis from working in coal mines as a disease that would come under the terms of this measure. The term "pneumoconiosis" is defined as a chronic dust disease of the lung. Both the House and Senate bills make only complicated pneumoconiosis as the basis for payments.

The SPEAKER. Will the gentleman state again the section of the report to which he makes reference?

Mr. ERLENBORN. Section 401 of the conference report. All of title IV of the conference report, section 401 and the other sections in title IV.

Mr. Speaker, there was no disagreement between the House and the Senate as to complicated pneumoconiosis being the sole basis that is compensable under both the House and the Senate versions of the bill. This matter was not in disagreement. But in the report of the conference, simple pneumoconiosis was made compensable. This not only violates the provision that matters in disagreement cannot be amended, but it brings in coverage for an additional disease that was not contemplated, or stage of the disease that was not contemplated in either the House or the Senate version.

Moreover, title IV itself, of which section 401 is a part, carries the caption "Black Lung Benefits," a designation which is applicable only to coal dust pneumoconiosis and not to other forms of the disease, such as silicosis.

Thus the conference report goes beyond both bills in providing compensation for every kind of pneumoconiosis, and thus a number of diseases other than those attributable to black lung or complicated pneumoconiosis, which is coal-dust-complicated pneumoconiosis. Consequently by referring to diseases of the lung caused by dust, other diseases such as silicosis, which were not covered in either the House or the Senate version, are now being made compensable.

Secondly, Mr. Speaker, section 412(c) provides that benefit payments under title IV shall not be deemed income under the Internal Revenue Code. This provision was in neither bill nor in any provision similar in substance. Neither bill addressed itself to the taxability of the compensation paid under those bills. This section 412(c) is entirely new matter that was not contained in either bill in any fashion whatsoever.

Third, Mr. Speaker, section 413(c) requires the miner to file a claim under the applicable State workmen's compensation law subject to certain conditions prior to filing a claim under this section. No such requirement was contained in either bill.

Fourth, Mr. Speaker, section 421(a) provides that after January 1, 1973, claims for benefits shall be filed pursuant to applicable State workmen's compensation laws. Similarly the other provisions of section 421(a) are tied to this prior application by the applicant under State workmen's compensation laws. No such requirements were contained in either bill. This is entirely new matter.

Fifth, Mr. Speaker, section 422(a) of the conference report provides that certain provisions of the Longshoremen and Harbor Workers' Compensation Act shall be applicable to coal mine operators in a State whose workmen's compensation law has not been approved by the Secretary of Labor. Subsections 422 (b), (c), (d), (e), (f), (g), (h), and (i) are related to subsection (a). None of these are in either bill. No reference was made in either bill to the Longshoremen and Harbor Workers' Compensation Act. This is entirely new matter.

Sixth, Mr. Speaker, section 423 of the conference report requires the coal mine

operator to pay disability benefits in a State which has no workmen's compensation or whose law is not on the approved list of the Secretary of Labor. This, by the way, imposes new duties on the Secretary of Labor to approve or disapprove the provisions of State workmen's compensation laws. It, in effect, requires the Secretary of Labor to blacklist or make a list of States who do not have State workmen's compensation laws that he feels grant sufficient compensation. This is an entirely new duty on the Secretary of Labor that was not contemplated or provided for by either bill. It also requires the operator if he is self-insured to comply with regulations of the Secretary of Labor. No such provision was contained in either bill. It sets forth certain mandatory provisions that must be in the contract of the operator if he has a policy from an insurance company providing for payment of such benefits. No such provision was in either bill. This section imposes an obligation to pay workmen's compensation and industrial disease compensation, imposes these conditions on a mine operator, and no such imposition was made by either bill.

Seventh, Mr. Speaker, section 424 of the conference report requires that if the operator is neither self-insured nor covered by a policy or has not paid benefits in a reasonable time or there is no operator who was required to pay such benefits, the Secretary of Labor shall pay these benefits to the claimant who is eligible, and the operator shall be liable to the United States in a civil action for the amount so paid by the United States.

None of these provisions was in either bill. It provides a new cause of action to the United States against the operators that was not contemplated in either bill.

Mr. Speaker, there are many precedents holding that matters not in disagreement between the House and the Senate cannot be amended by the conference committee. There are many precedents for that.

In addition, the precedents are clear that the conference committee's jurisdiction is limited to those matters that were in disagreement, and the conference committee may not draw provisions that go outside those that were contemplated by either bill.

When a bill is sent to conference, matters in disagreement between the Houses, and only matters in disagreement between the Houses, are before the conferees. I cite volume 8, section 3253 of Hinds' Precedents. This rule has always been very strictly construed.

Conferees are restricted to the literal difference between the two Houses. The insertion of any extraneous matter, even though germane, is subject to a point of order. I cite volume 8, sections 3254 and 3258 of Hinds' Precedents.

It is clear, Mr. Speaker, from this short statement of only a few of many precedents—and I have others here and I am prepared to present them—that if any matter is placed in the conference report which goes beyond the literal differences between the two versions of the bill, which imposes new duties upon agencies or departments of Government, or grants new causes of action or new compensation not contemplated by either bill as passed by the two Houses, even though germane, these matters render the conference report subject to a point of order if the managers have exceeded their authority.

I am prepared, Mr. Speaker, if it is desired, to cite additional precedents.

The SPEAKER. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. PERKINS. Mr. Speaker, I certainly desire to be heard.

The SPEAKER. The Chair will hear the gentleman.

Mr. PERKINS. Mr. Speaker, we feel that we are clearly within the rules of the House. The word "pneumoconiosis" is not limited in the Senate bill. The Senate bill embraces the provisions to which the gentleman from Illinois objects.

In this regard, the Senate bill, in section 502, gave broad grant of authority to the Secretary of Health, Education, and Welfare to "develop and promulgate interim disability standards governing the determination of, among other things"—and I am quoting—"the methods and procedures to be used in disbursing such benefits, and such other matters as the Secretary deems appropriate."

What the conference report does is restrict and nail down what the Senate left to the Secretary's discretion.

I yield to the distinguished gentleman from Michigan, Mr. O'HARA.

Mr. O'HARA. Mr. Speaker, may I be heard on the point of order?

The SPEAKER. The Chair will hear the gentleman.

Mr. O'HARA. Mr. Speaker, I wish to emphasize the point made by the chairman of the Committee on Education and Labor that the language of the conference report objected to represents a definition of terms that is consistent with the differences betwen the House and Senate versions. In section 502, as the distinguished chairman has pointed out, the Senate left to administrative discretion the definition of the terms with respect to which the gentleman from Illinois has raised some question. The conference report by defining such terms has not gone beyond the Senate bill which on that point was entirely openended. I would like to point out as well, Mr. Speaker, that the House bill is a complete substitute for the Senate bill; that the bill went to conference after the House had stricken all after the enacting clause; and that in such conferences all matters in either bill are at issue.

In the Rules and Practices of the House of Representatives, in section 913, it is stated that:

> Where one House strikes out of a bill of the other all after the enacting clause and inserts a new text, conferees may discard language occurring both in the bill and the substitute, and exercise a wide discretion in the incorporation of germane amendments and may even report a new bill germane to the subject.

Mr. Speaker, the point of order to the conference report should be overruled.

Mr. BURTON of California. Mr. Speaker, I would like to be heard on the point of order.

The SPEAKER. The gentleman is recognized.

Mr. BURTON of California. Mr. Speaker, initially one of the objections is clearly out of order for the reasons stated by the gentleman from Michigan (Mr. O'HARA); I refer to section 412(c) as to whether or not the benefits should be subject to the Internal Revenue Code. This is clear because we have long since agreed that we were going to write a clear history that for the House portion of this bill these payments were not to be workmen's compensation payments. It was also inferentially clear that the benefits received under this bill were to be recognized as payments for disability such as are payments given in the traditional workmen's compensation area and therefore not income as made clear by section 412(c). Although this is not the proper point—and I shall deal with this more at length later in the debate—I would hope everyone on the floor would not gather by the distinguished gentleman from Illinois' remarks that the bulk of the amendments suggested that render this bill subject to some question in the mind of the gentleman from Illinois—I would hope there would be no impression of any kind whatsoever that it was the majority that in any instance except by receding to demands of the other side to clarify procedures——

Mr. ERLENBORN. Mr. Speaker, a point of order.

Mr. BURTON of California. I would hope that no one within the hearing range of any one of us would think it was the majority that imposed these sections.

Mr. ERLENBORN. Mr. Speaker, a point of order.

Mr. BURTON of California. Rather it was the majority that acceded to the minority's demands.

Mr. ERLENBORN. Mr. Speaker, a point of order.

Mr. BURTON of California. But because this is not the time to state such matters, I will simply not pursue that vein.

The SPEAKER. The gentleman from Illinois.

Mr. ERLENBORN. Mr. Speaker, I had intended to make a point of order that the gentleman was out of order and was not addressing himself to the point of order that was raised. I would like an opportunity to respond to the statements of the gentleman on the other side concerning the point of order.

The SPEAKER. The Chair will state to the gentleman that at this time the Chair declines to cut off discussion of the point of order.

Mr. ERLENBORN. Mr. Speaker, I would like to be heard.

Mr. DENT. Mr. Speaker, I would like to be heard on some points made by the gentleman from Illinois.

First of all, the gentleman will recall that the day of the conference was the 20th day of November. It was a matter of urgency——

Mr. ERLENBORN. Mr. Speaker, a point of order. The gentleman is not addressing himself to the point of order.

The SPEAKER. The Chair suggests that anyone who speaks address himself

to the point of order. The gentleman from Pennsylvania will confine his remarks to the point of order.

Mr. DENT. I am coming to that, sir, but it takes the background in order to bring the point of order into focus.

The SPEAKER. The Chair has stated that the gentleman may be heard and at this point the gentleman's remarks should be addressed to the point of order.

Mr. DENT. I thank the Chair very kindly for his indulgence and I would like a little indulgence from the gentleman from Illinois.

In the instructions of the conferees, well known to the gentleman from Illinois and every other member of the conference, there was instruction by the spokesmen for the minority on the other side of the Hill in which the staffs were given explicit orders to delve within the confines of the understanding we had come to, and write the total disability clauses that were discussed.

If you will note in the manager's report, the language contained in the description of complicated pneumoconiosis of total disability both descriptions and words and language appear in the House version on page 31 which is as follows:

Compensation shall be paid under this subsection in respect of total disability of and individual from complicated pneumoconiosis which arose out of or in the course of his employment in a coal mine—

And then we go over to the next page in the House bill and restate it in reverse so that there would be no misunderstanding of what was intended in the House bill, and we say:

For purposes of this subsection, any individual who suffers from complicated pneumoconiosis shall be deemed to be totally disabled.

The gentleman from the Senate decided that in their version there was an opportunity to pay compensation where there was total disability caused by complicated pneumoconiosis.

We do not necessarily pay for phase 1 of pneumoconiosis to which the gentleman alluded. We may not pay for phases 2 or 3. Neither one of these phases of pneumoconiosis or black lung or whatever you want to call it, necessarily crippled a man to the extent of destroying a man's ability to earn a living in any other occupation. So, the language in this act is directed toward making sure that a person entitled to the compensation shall be paid and a person who is totally disabled or has chronic and advanced pneumoconiosis deprives him of the ability to work in some job where his breathing is so badly disturbed by this respiratory disease that he cannot perform his duties to the best of his ability and to earn a full living.

I say to the gentlemen of the House we gave wide latitude to the staffs of the Senate and House members.

We gave a great deal of latitude particularly to the minority views, and I have always believed that the minority has every right that a majority has, and in some cases more. And most every word that is written into this title IV came from the minority.

Now, if it was the intent, Mr. Speaker, of the minority staff representatives to write language that later could be challenged on a point of order, if that was the purpose then the purpose has been served well by those who served that purpose, but it was not the purpose of the majority.

The majority came before the House and offered a piece of legislation designed to do exactly what 391 Members of the Congress approved. This bill does represent then what the conferees wanted to do, and I do not believe that the point of order is well taken.

The SPEAKER. The Chair is prepared to rule.

Mr. ERLENBORN. Mr. Speaker, could I be heard further?

The SPEAKER. Does the gentleman from Illinois desire to be heard further?

Mr. ERLENBORN. I do very briefly, Mr. Speaker.

The SPEAKER. The Chair will hear the gentleman from Illinois.

Mr. ERLENBORN. Mr. Speaker, my good colleagues addressed themselves only to the first of my several points of order against the conference report, and have alluded to language in the Senate bill. I would like to read some of the language of the Senate bill, section 501:

It is, therefore, the purpose of this title to provide, on a temporary and limited basis, interim emergency health disability benefits, in cooperation with the States, to any coal miner who is totally disabled and unable to be gainfully employed on the date of enactment of this Act due to complicated pneumoconiosis.

Now, that is the clear statement of the purpose of the Senate bill, to give compensation only for complicated pneumoconiosis.

The gentleman from Michigan alluded to section 502 of the Senate bill where the Secretary was given authority to develop and promulgate interim disability benefit standards.

Mr. Speaker, I submit this does not widen the coverage of the bill to any disease other than complicated pneumoconiosis, and the conference report in extending benefits to simple pneumoconiosis, silicosis, and other diseases goes beyond the scope of either bill.

The SPEAKER. The Chair is prepared to rule.

The Chair will state that the Chair had advance notice that the points of order would be raised, and had an opportunity to investigate the matter of the points of order involved therein.

The Chair has had the opportunity to examine the Senate bill and the House amendment thereto, as well as the provisions of the conference report.

The gentleman from Illinois (Mr. ERLENBORN) has raised a point of order against the conference report on S. 2917 and has cited several instances wherein he contends the conferees have exceeded their authority by either including matter that was not in controversy or going beyond the differences between the provisions of the Senate bill or the House amendment.

The Chair notes that the overall problem of pneumoconiosis and the benefits payable to persons totally disabled thereby is certainly within the matters is disagreement which the conferees could act upon.

The provision appearing in section 412(c) of the conference report is in neither the Senate bill nor the House amendment thereto, but the Chair notes that the subject of benefits is certainly included in both bills. As well as how those benefits are to be treated. While the provision cited by the gentleman from Illinois is new language, it is nevertheless germane to the subject of disability compensation which is before the conferees and does not enlarge the subject matter committed to them.

Another argument raised by the gentleman has received the close attention of the Chair. As pointed out by the gentleman, part C of title IV of the conference report sets up a new Federal workmen's compensation program for disability payments after December 31, 1972, where State programs are not adequate under State workmen's compensation laws, under a mechanism by which the mine operator would become liable for the payment of disability benefits.

The Chair finds that the subject of financing of disability benefits was a matter before the conferees.

The Chair has studied the precedents and finds them to be consistent that where one House has stricken all after the enacting clause of a bill and inserted an entire substitute therefor, the entire subject matter is committed to the conferees who may report any provision germane thereto providing that it remains within the broad outlines of the matter committed to conference.

The Chair believes that the controlling precendents are found in Hinds Precedents, V, section 6421 and Canons Precedents, volume VIII, section 3248.

The Chair is of the opinion that the conference report is germane and that the conferees have not exceeded their authority. Therefore, the Chair overrules the point of order.

The SPEAKER. The Chair recognizes the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the conference report that we submit to the House today on S. 2917, Federal Coal Mine Health and Safety Act, is the greatest step forward taken in any industry to assure safe working conditions. I think that it is fitting that in this most hazardous occupation that we have taken such great care throughout the congressional deliberations through the committee action and the action of the House and the action of the conference committee to make certain that the requirements for industry practice will most effectively assure healthy and safe working conditions in mines consistent with current technology. I believe the conferees have been successful in retaining those provisions of the bill which passed the House on October 29 by 389 yeas to only four negative votes—which assure those objectives.

The conference establishes a 3-Omg dust standard effective 6 months after its enactment; retains provisions permitting miners to transfer from a position in the mine to another position where physical examination discloses evidence of pneumoconiosis so as to eliminate his exposure; retains those provisions with respect to the X-ray program; retains

those provisions with respect to the promulgation of mandatory health and safety standards; and in general retains the comprehensive health and safety features approved by this body on October 29.

With respect to the compensation of miners who have become disabled because of black lung disease the conference substitute provides for the payment of benefits for the death of a miner or for his total disability due to this dread disease and intends that its provisions be construed liberally in providing benefits to these people.

Coal miners and former coal miners who are totally disabled due to pneumoconiosis will receive benefits at a rate equal to 50 percent of the minimum monthly payment to which a disabled Federal employee in grade GS–2 would be entitled at the time of payment.

Widows of coal miners and former coal miners whose deaths are due to pneumoconiosis or whose death occurred while receiving benefits under this part shall receive benefits at the rate prescribed for totally disabled miners.

The rates prescribed above are increased for dependents at the rate of 50 percent for one dependent—widow or child—75 percent for two dependents, and 100 percent for three or more dependents.

The following presumptions will be used in establishing entitlement:

First. If a miner who is suffering from pneumoconiosis was employed for 10 years or more in an underground coal mine, there will be a rebuttable presumption that the pneumoconiosis arose out of such employment.

Second. If a miner worked 10 years in such a mine and died of a respirable disease, there will be a rebuttable presumption that his death was due to pneumoconiosis.

Third. If a miner is suffering from or dies from an advanced irreversible stage of pneumoconiosis it will be irrebuttably presumed his death or total disability was due to pneumoconiosis.

Claims filed before December 31, 1972, will be processed by the Secretary of Health, Education, and Welfare in a manner similar to that he uses for processing claims for disability under the Social Security Act. If the claim is filed after December 31, 1971, benefits under that claim may be paid only until January 1, 1973.

Claims filed on or after January 1, 1973, will be processed under the appropriate State workmen's compensation law if the Secretary of Labor has determined it has adequate coverage for pneumoconiosis. He will, generally speaking, determine a State law to have adequate coverage for pneumoconiosis if the benefits under such law and the criteria for determining eligibility are not less favorable to the claimant than those applicable to claims filed before January 1, 1973.

Where the applicable State workmen's compensation law does not provide adequate coverage for pneumoconiosis, the persons entitled to benefits will be paid—so far as applicable—under the terms of the Longshoremen's and Harbor Workers' Compensation Act and provided under part C of title IV of the bill.

Mr. Speaker, in his letter of today, the Secretary of Labor quoted a portion of his remarks before the Select Subcommittee on Labor on June 3, 1969. I would like at this time to quote an additional paragraph of those remarks of the Secretary:

> As to the subject of black lung disease, that is a matter of tremendous concern to us all. We have done some things about that. We have other ideas, and we will be bringing them forward shortly.

It is now December 17, 1969, or nearly 6 months later, and the Secretary has not brought any ideas to us. Instead of coming up with ideas of how to help those poor miners, widows, and children, they tell us to abandon title IV of the bill and to abandon these poor people who are trying to eck out a living with the meager amount of money they are able to scrape together. In the interim, the House passed the 1969 Federal Coal Mine Health and Safety Act with a very broad Federal benefits provision section for miners afflicted with black lung. That was on October 29, 1969. Earlier that month, the Senate also passed a broad Federal benefits provisions.

That was 2 months ago. Since then, we did not hear from the administration until late last week when Secretary Hickel gave us a cost range of this program of between $154 million. This is typical of Interior's estimates of costs. When we were concerned with the cost of replacing electrical equipment in mines, we were given an initial estimate of $150 to $300 million. That range, however, after a few weeks of pencil sharpening, was reduced to less than $50 million. I can only wonder what Interior would do if we gave them a few more days on their most recent guesses.

Still, he does not give us his ideas for helping the miner afflicted with this terrible disease and his poor widow. Rather, he now tells us 2 months after passage by both Houses, and on the day the conference report is filed, the administration tells us that a Federal benefits program for poor people "is inappropriate for the Federal Coal Mine Health and Safety Act of 1969." Mr. Speaker, I say we must meet the needs of these disabled miners regardless of the cost.

I cannot idly sit by and allow miners who walk a few steps and must stop and bend over to catch their breath because they have black lung. We must provide some relief. These miners and their widows cannot wait for the States to act. In many States this wait would be forever.

Even more importantly, this legislation transcends petty arguments over costs. What is at stake here is the health and safety of the coal miners of this country who have been waiting for passage of this bill since that terrible tragedy at Farmington, W. Va., over a year ago. If the provisions of this bill are properly administered, we should greatly reduce and, hopefully, eliminate future black lung claims with the control provided here of the cause of this disease—coal dust.

Let us pass this bill today for the miners of the past, present, and those of tomorrow.

Mr. Speaker, I want, at this time, to comment on remarks made about my handling of this conference report within the last 24 hours. I had considerable discussions with both majority and minority members of my committee yesterday, including the gentleman from Illinois (Mr. ERLENBORN), and Members of the Senate. It was my intention to file this report and to have the other body consider it just as would be the normal case. I found out later that the gentleman from Illinois (Mr. ERLENBORN) was well aware of the fact that the Senate would not act first at least 1½ hours earlier than myself. Further, when I asked unanimous consent to file the report by midnight of last night, one of the members of the minority on my committee, the gentleman from California (Mr. BELL) who has shown a keen interest in this legislation and contributed to making it the landmark legislation it is, was on the floor when I made my motion and raised no objection.

Thus, I feel that those who contend that the minority was not consulted in this matter, particularly the gentleman from Illinois (Mr. ERLENBORN), either did not state the facts accurately or were not fully appraised of the participation of other members of the minority. I also want to make it abundantly clear that I did not take advantage of any member of the minority in this matter, but, on the contrary, I believe if the gentleman from Illinois (Mr. ERLENBORN) had apprised me of the decision of the Members of the other body when he knew of it, much unnecessary work could have been avoided.

At this point, I believe we should emphasize how much this landmark Health and Safety Act for workers was the product of long and hard work of the Congress. In September of 1968 and again in January and March of this year, the Interior Department recommended proposals to protect coal miners, but we quickly found that these were not adequate given the health and safety record of this industry over the past 17 years. The hearings held in both Houses clearly demonstrated to all of us that a far more comprehensive measure was needed for our miners and their families than anything the agencies downtown were proposing or even dreamed of. To illustrate how much this legislation is the product of the Congress, I will list some of its principal features that were not included in any Interior proposal as follows:

HEALTH STANDARDS

The Congress determined very early in its consideration of this measure that a 3-milligram respirable dust standard for underground coal mines was not only necessary for the miners, but also attainable within a short time. The Interior Department, last January, first proposed a 3 standard, but left it up to the Secretary to prescribe the schedule for achieving it. Later in March, the Department proposed a 4.5-milligram standard effective 6 months after enactment, but provided an enforcement procedure that would

probably result in most mines maintaining the dust level at 5.5 milligrams.

Congress, on the other hand, prescribes in this legislation a 3 standard effective 6 months after enactment with meaningful enforcement procedures that parallel those applicable to safety standards. At the same time, we were not satisfied that this dust level would protect the health of miners and established a 2-milligram standard effective 3 years after enactment. We also directed the Secretary of Health, Education, and Welfare to begin almost immediately to establish lower dust levels which could accelerate even the 3- and 2-milligram standard timetable.

Also, the Department provided that if a miner shows substantial evidence of black lung, he shall be transferred to another area of the mine where the dust level is 2 milligrams or less. The conference report before us today provides for such a transfer where there is any evidence of this disease, after the operative date of title II, to an area where the level is 2 milligrams or less, and, effective 3 years after enactment, to an area where the level is 1 or lower.

The Department's proposal would have permitted multiple shift measurements of respirable dust indefinitely. The conference reported bill requires single shift measurements 18 months after enactment.

The conference report, unlike the Department's proposal, would establish the noise standard under the Walsh-Healey Public Contracts Act and direct that it be improved further.

SAFETY STANDARDS

The conference reported bill, unlike the Department's proposals, would:

Require a minimum quantity of air to the working face;

Require the Secretary to prescribe the minimum velocity and quantity of air reaching the working face to control methane;

Require that the Secretary prescribe the maximum respirable dust level for intake aircourses;

Require preshift examinations for all shifts, not just production shifts;

Provide for the proper installation of roof bolts;

Provide for the control of one of the most dangerous sources of methane, namely methane coming from the gob areas;

Require ventilation system and methane and dust control plans;

Provide for the separation of intake and return aircourses from belt haulageways;

Provide for expanded protection in the use and maintenance of electrical equipment and high, medium, and low voltage circuits;

Limit the number of temporary splices to one;

Provide that mine maps be available to the Department of Housing and Urban Development and to surface owners and lessees;

Provide for the use of automatic couplers or haulage equipment;

Provide against inundations in mines located under bodies of water;

Provide for self-rescue devices adequate to protect mines for 1 hour or more;

Prescribe improved methods of assuring adequate oxygen underground;

Provide for a check-in and check-out system;

Provide for the prevention and suppression of ignitions on electric face equipment;

Provide for standards to control explosive gases, other than methane; and Provide an adequate supply of potable water for the miners.

BLACK LUNG BENEFITS

Here, as I have said, is one of the most significant provisions of the bill that was initiated in the Congress to help poor miners suffering from this dread disease and the widows and children of these miners. As a matter of fact, as I have stated, the administration, for the first time, today sent a letter from Secretary Shultz opposing these black lung benefit payments for miners affected with this disease, their widows and their children. Imagine, 2 months after this benefits provision passed overwhelmingly in both Houses, the administration on the day of final passage opposes one of its most important provisions and even threatens veto. Where have they been for the last 4 months?

In summary, these are just a few of the examples of what the Congress has done to protect and help miners and their families. We can all be proud of our efforts to save lives and to bring some benefits to those people who have been forgotten in the past.

Finally, I want to admonish both the Secretary of the Interior and the Secretary of Health, Education, and Welfare that they must begin now to carry out the mandates of this legislation in a manner that will provide the greatest health and safety possible to miners and the greatest benefits possible to miners with pneumoconiosis who are totally disabled and the widows of miners with this disease. I can assure both Secretaries that hearings will be held on the progress of this legislation and its achievements before the end of July 1970 by my committee.

A summary follows:

SUMMARY OF MAJOR PROVISIONS

TITLE I—GENERAL

(1) Grants authority for the promulgation of mandatory health and safety standards to the Secretary of the Interior (hereinafter referred to as the "Secretary"). The Secretary promulgates all mandatory standards, but is responsible for developing and revising only mandatory safety standards. The Secretary of Health, Education, and Welfare (HEW) is responsible for developing and revising mandatory health standards. No standard promulgated by the Secretary shall reduce the protection afforded miners below that provided by the interim mandatory health and safety standards contained in titles II and III, respectively.

(2) Provides opportunity for a representative of miners, whenever he has reasonable grounds to believe that a violation of a mandatory health or safety standard exists or an imminent danger exists in a mine, to obtain an immediate inspection of such time.

(3) Provides a minimum of at least four annual inspections of each mine. Also provides a minimum of one spot inspection during every five working days of a mine (A) that liberates excessive quantities of methane or other explosive gases during its operations, (B) in which a methane or other gas ignition of explosion has occurred which resulted in death or serious injury at any time during the previous five years, or (C) the Secretary believes has especially hazardous conditions.

(4) Establishes the procedural mechanism for finding dangerous conditions or violations of standards in mines, and for the issuance of notices and orders—including withdrawal orders—relative to such.

(5) Provides administrative and judicial review procedures.

(6) Establishes civil penalties of up to $10,000 for operator violations of a standard or any other provision of the Act. Establishes a civil penalty of up to $250 to a miner who violates specified provisions of the Act (smoking, carrying of matches, etc.). Establishes criminal penalties to any operator who willfully violates a standard or knowingly violates or fails or refuses to comply with orders. Upon conviction, such operator shall be punished by a fine of not more than $25,000 and/or imprisonment for not more than one year for the first conviction, and for subsequent convictions, by a fine of not more than $50,000 and/or imprisonment for not more than five years. Also establishes similar civil and criminal penalties to any director, officer, or agent of a corporate operator for like violations, failures, or refusals. Criminal penalties are also established for false statements, representations, or certifications relative to the Act, and for the introduction and delivery in commerce of any equipment for use in a coal mine which is falsely represented to be in compliance with the provisions of the Act.

(7) Provides for limited pay guarantees to miners idled by a withdrawal order.

(8) Prohibits the discharge or other discrimination against a miner for exercising rights under the Act.

TITLE II—INTERIM MANDATORY HEALTH STANDARDS

(1) Establishes interim mandatory health standards effective six months after the date of enactment of the Act.

(2) Requires each operator to take accurate samples of the amount of respirable dust in the mine atmosphere. The samples are transmitted to the Secretary and analyzed and recorded by him.

(3) Establishes a 3.0 milligram per cubic meter of air (mg/m^3) dust standard effective six months after enactment. Extensions of time to comply with the standard (permits for noncompliance) may be granted by the Panel (established by section 5) for a period not to exceed twelve months from the effective date of the standard.

(4) Establishes a 2.0 mg/m^3 dust standard effective three years after enactment, but the Panel may grant permits for noncompliance to an operator for a period not to exceed three additional years from the effective date of the standard.

(5) The Secretary of Health, Education, and Welfare has the continuing authority, beginning one year after enactment, to further reduce the dust standard below the levels established by the Act to levels which will prevent new incidences of respiratory disease and the further development of such disease in any person.

(6) Each operator shall cooperate with the Secretary of Health, Education, and Welfare in making a chest x-ray available to each miner within eighteen months after enactment, again three years later, and at such subsequent intervals determined by the Secretary of Health, Education, and Welfare but not to exceed every five years. Each workers who begins work in a coal mine for the first time shall be given a chest x-ray at the commencement of his employment and again three years later. If the second x-ray shows evidence of the development of pneumoconiosis, the worker shall be given an additional x-ray two years later. The x-rays may

be supplemented by other tests deemed necessary by the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare is also responsible for reading, classifying, and recording all results of x-rays and other medical tests.

(7) Any miner who shows evidence of the development of pneumoconiosis shall be afforded the option of transferring from his position to another position in any area of the mine where the respirable dust concentration is not more than 2.0 mg/m³. Effective three years after enactment, the option of transfer shall be to an area of the mine where such concentration is not more than 1.0 mg/m³, or if such level of concentration is not attainable in the mine, to an area where the concentration is the lowest attainable below 2.0 mg/m³. Any miner so transferred shall not receive less than the regular rate of pay received by him immediately prior to transfer.

(8) Incorporates the noise standard prescribed under the Walsh-Healey Public Contracts Act, and provides authority to the Secretary of Health, Education, and Welfare to improve upon such standard.

TITLE III—INTERIM MANDATORY SAFETY STANDARDS FOR UNDERGROUND COAL MINES

(1) Establishes interim mandatory safety standards effective three months after the date of enactment of the Act.

(2) Establishes detailed requirements to provide for safer working conditions in underground coal mines. These include requirements with regard to roof support, ventilation, combustible materials and rock dusting, electrical equipment, trailing cables, grounding, underground high-voltage distribution, underground low- and medium-voltage alternating current circuits, trolley and trolley feeder wires, fire protection, maps, blasting and explosives, hoisting and mantrips, emergency shelters, communications, escapeways, and other miscellaneous matters.

(3) Establishes requirements for the use of permissible equipment in all underground coal mines. Requires that all electric face equipment at gassy mines and all such small equipment at all mines be permissible within 15 months after enactment. It is also required that, in the case of mines not previously classified as gassy which are below the watertable, such large equipment must be permissible in 15 months, but the Panel may grant extensions of time (permits for noncompliance) of not to exceed in the aggregate an additional 33 months if the Panel determines, based on specified criteria, that the operator is unable to comply with the permissibility requirements because of unavailability of permissible equipment. In the case of such mines which are located entirely above the watertable, it is required that such large equipment be permissible within 51 months after enactment but the Panel may grant extensions of not to exceed 2 additional years on a mine-by-mine basis because of unavailability of such equipment.

TITLE IV—BLACK LUNG BENEFITS

(1) Provides for the payment of benefits for death or total disability due to pneumoconiosis.

(2) Coal miners and former coal miners who are totally disabled due to pneumoconiosis will receive benefits at a rate equal to 50 percent of the minimum monthly payment to which a disabled Federal employee in grade GS–2 would be entitled at the time of payment. This represents approximately $136 per month. Widows of coal miners and former coal miners whose deaths are due to pneumoconiosis or whose deaths occurred while receiving total disability benefits, receive benefits at the rate prescribed for totally disabled miners. The rates prescribed above are increased for dependents at the rate of 50 percent for one dependent (widow or child), 75 percent for two dependents, and 100 percent for three or more dependents. The benefits for miners and widows will be reduced on account of payments under the workmen's compensation, unemployment compensation, or disability insurance laws of the State and, in the case of miners only, on account of excess earnings, as provided under the Social Security Act for benefits payable under that Act.

(3) The following presumptions are used in determining entitlement:

A. If a miner who is suffering from pneumoconiosis was employed for 10 years or more in an underground coal mine, there will be a rebuttable presumption that the pneumoconiosis arose out of such employment.

B. If a miner worked ten years in such a mine and died of a respirable disease, there will be a rebuttable presumption that his death was due to pneumoconiosis.

C. If a miner is suffering from or dies from an advanced irreversible stage of pneumoconiosis, it will be irrebutably presumed his death or total disability was due to pneumoconiosis.

(4) Claims filed before December 31, 1972, will be processed by the Secretary of Health, Education, and Welfare in a manner similar to that he uses for processing claims for disability under the Social Security Act. If the claim is filed after December 31, 1971, benefits under that claim may be paid only until January 1, 1973. Claims filed on or after January 1, 1973, will be processed under the appropriate State workmen's compensation law if the Secretary of Labor has determined it has adequate coverage for pneumoconiosis. He will, generally speaking, determine a State law to have adequate coverage for pneumoconiosis if the benefits under such law and the criteria for determining eligibility are not less favorable to the claimant than those applicable to claims filed before January 1, 1973. Where the applicable State workmen's compensation law does not provide adequate coverage for pneumoconiosis, the persons entitled to benefits will be paid (so far as applicable) under the terms of the Longshoremen's and Harbor Workers' Compensation Act.

(5) In the case of claims filed on or after January 1, 1973, no payments of benefits may be made after seven years after the date of enactment of the Act.

TITLE V—ADMINISTRATION

(1) Provides authorization for appropriations for health and safety research to be carried out by the Secretary of Health, Education, and Welfare and the Secretary, respectively.

(2) Requires the Secretary to expand programs for the education and training of operators, agents, thereof, and miners in accident-control, healthful working conditions, and in the use of coal mining equipment and techniques.

(3) Provides for economic assistance to any small business concern operating a coal mine to meet the requirements imposed by the Act. Such assistance shall be given by the Small Business Administration.

(4) Specifies qualifications and training requirements for employees of the Secretary; particularly inspectors.

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

Mr. PERKINS. I yield to the distinguished gentleman from California.

Mr. BURTON of California. Mr. Speaker, it would be fair to state, on behalf of the House conferees on both sides, we had had, up to and through the conference committee, a very constructive relationship, and it is further the case that it is the fault of no Member of this House on either side that we were informed last night about 9:30 that the other body, in their infinite wisdom, handed us an "either or else" set of procedures to follow; and is it not further the fact that the gentleman from Illinois (Mr. ERLENBORN), our distinguished subcommittee chairman, the gentleman from Pennsylvania (Mr. DENT), and myself, learned of this about 9:30 or so last night, even before the distinguished chairman of the full committee learned of it, and that the only way to cut our way through this situation, because we were not able to come to grips with any kind of dialog or communication with the other body, was to accede to the gentle nudge—although some stronger language was communicated to us from the gentlemen working on the other side of the Capitol—and so, lamentably for all of us who have worked so long and constructively together, we find ourselves at this rather late hour of the evening, due to other procedural difficulties, in a good deal more disagreement than any of us had as we walked out of the conference committee room at the conclusion of the conference.

Mr. ERLENBORN. Mr. Speaker, will the gentleman from Kentucky yield?

Mr. PERKINS. I yield to the gentleman from Illinois.

Mr. ERLENBORN. Mr. Speaker, will the gentleman yield me time to address myself to the conference report?

Mr. PERKINS. Yes. I yield the gentleman now 7 minutes.

Mr. ERLENBORN. Is that all the time the gentleman intends to yield?

Mr. PERKINS. No, I may yield more.

The SPEAKER pro tempore. The gentleman from Illinois is recognized for 7 minutes.

Mr. ERLENBORN. I agree with the gentleman from California (Mr. BURTON) that we have had a constructive relationship among the members of the subcommittee. I regret that the events subsequent to the conference have disturbed that relationship and forced me to take the action I have today. No good purpose will be served in assessing blame on any individual, but I will assert that this whole matter has been badly handled in the last few days.

Mr. Speaker, I am opposed to this conference report for one simple reason. The conferees met and reached agreement, and the broad outlines of that agreement as to what should be in this conference report, title IV, has been violated. There are matters in this which were never discussed by the conferees. There are new matters brought in, new obligations on the part of the Secretary of Labor, new causes of action against the mine operator, new duties on the Secretary of Labor never contained in either bill, never discussed by the conferees, and never agreed to by the gentleman from Illinois.

Mr. Speaker, to reinforce the fact that I did not know what was in this report, the only time I was delivered a copy—actually delivered to my counsel—of title IV of this report was last night, at about 4 o'clock in the afternoon. That was not an accurate copy of what was in title IV of the report as filed about 11:30 last night. That report would not have been filed at 11:30 last night had not the gentleman from Kentucky gotten unanimous consent to file the report without

first asking any Member of the minority if he had objection to the unanimous-consent request.

Again to reinforce what apparently is the attempt to push through something that was never contemplated by the conferees and to foreclose an opportunity for this House to work its will, the gentleman from Kentucky came on the floor of this House this afternoon intending to call up this conference report earlier in the afternoon, and had never informed me nor any other Member of the minority that it was his intention to call up the report for consideration. Every attempt has been made by the gentleman from Kentucky to preclude an opportunity for the minority to know what was in the report and to have an opportunity to inform this House of the provisions that have been put in this report.

Mr. Speaker, I am opposed, as is this administration opposed, to the provisions of title IV of this report. A copy of the letter from the Secretary of Labor Shultz was delivered to me and to the gentleman from Ohio (Mr. AYRES) and to the gentleman from Kentucky (Mr. PERKINS) outlining the position of the administration.

I am also authorized to say that if this conference report is approved and this bill becomes law with the provisions that are now in title IV, with the cost implications to the Treasury of the United States, that the President may be required to veto the bill.

I warned the gentleman from Pennsylvania and the gentleman from Kentucky when we had this matter in subcommittee that to include pneumoconiosis compensation in the mine health and safety bill was endangering the passage of this bill, and I think what I have just informed the Members concerning a possible veto of the bill is confirmation of what I said many months ago.

Mr. Speaker, I think the largest figure as to the possible cost that was ever given as an estimate, prior to the drafting of this new title IV in the conference report, was in the neighborhood of $30 million or $40 million. Some of my colleagues estimated it might be as high as $50 million to $60 million. Now the Bureau of Mines estimates it to be as high as $385 million annual cost to the Treasury, and the minimum figure they now estimate the cost of this to be is $150 million to the U.S. Treasury.

Beyond this, additional impositions are put on the State unemployment compensation systems. It was made very clear in this House when this bill was passed that this was not intended to be a workmen's compensation provision. This was special temporary relief for pneumoconiosis compensation, but now we are going to have this new provision and the Secretary of Labor will be required to pass upon the adequacy of State workmen's compensation provisions, and issue, in effect, a blacklist of those which in his judgment do not have sufficient compensation for the workers, and require that even after this program expires—as was contemplated in both bills that it would expire because it was to be temporary only—that the State workmen's compensation laws cover pneumoconiosis, or in the event they do not, that the mine operator has a new obligation, never contemplated, to pay workmen's compensation benefits to the miners.

It creates a new cause of action by the United States against coal mine operators if they do not pay this compensation, something never contemplated by the draftsman of this bill in the first place, if he was being honest with the Members of this House and with the members of our committee—if he was honest with the Members of this House when they explained the terms of this bill and carefully told us this was not to be a compensation provision.

This will be the first intrusion into the State operated workmen's compensation laws, not by implication, as I claimed when the bill was under consideration on the floor of the House, but now as drafted by the staff and by a few of the Members outside of the scope of the agreement of the conferees, expressly an intrusion into all workmen's compensation laws.

I am distressed my point of order was overruled. I am going to make a motion to recommit this bill for the purpose of reconsidering title IV. I make it clear that neither this administration nor I nor any Member of the minority is opposed to coal mine health and safety; but we are opposed not only to the provisions of title IV but we also are opposed to the kind of underhanded, behind the scenes, dealings that have brought us to the point where this is being considered today, where it almost passed earlier today without the minority having an opportunity to be heard on the floor of the House.

I hope you will support my motion to recommit not because of your political considerations, not because of your political philosophy——

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

Mr. ERLENBORN. I will not yield to the gentleman.

Not because of your lack of concern or great interest in the coal miners and in this problem of pneumoconiosis, but so that you can sustain the dignity of this House and the legislative process. This is a travesty upon the legislative process. Unless my motion to recommit is agreed to and we send this bill back to the conference where the conferees can work their will, this will have been a very black day for the House of Representatives and the legislative process.

Mr. PERKINS. Mr. Speaker, I yield 10 minutes to the distinguished chairman of the subcommittee, who is an authority in this area, the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Speaker, I should first like to say to the gentleman from Illinois that there were no cloak and dagger episodes in this whole deal. There was nothing underhanded. If there was, the underhandedness came from your side of the table, because I did not attend any of the markup sessions, because the instructions of the conferees were to the staff of both sides to write within the confines of the understandings of the conferees. So I did not commingle with the conferees' staff at any time. They wrote the language that they felt was jusitified and cleared it with their own Senators and Congressmen.

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

Mr. DENT. Wait until I am through. I want to get this off my mind.

I am sure this opposition, the reason for it, to this legislation is probably best explained by the very letter the gentleman failed to read, the letter I have just been handed, written by Mr. Shultz, the Secretary of Labor.

It is not a question of language. It is not a question of misunderstanding. It is not a question of whether or not there were any transgressions on the part of the conferees or their staffs. It is simply a question of a firm, philosophical belief—I hate to put this down so plainly and bluntly—of those who are now directing the administration.

We believe—

Says Secretary Shultz—

that the solution to this problem is through any necessary improvement in the system of State workmen's compensation laws. * * * [The] "know-how [is in the hands of the States] in the workmen's compensation field. It is our present judgment that reliance should continue to be placed on that system of State laws." We continue to support that position.

Early in the days when this legislation was before the subcommittee we heard witnesses from all over these United States and the one deplorable fact that was brought out time after time was that the States had not done anything to relieve the situation that former miners find themselves in in Iowa, Michigan, California, New York, and in every State of the Union. There was a drop of from 600,000 to 135,000 miners in this country. These miners from the anthracite and bituminous regions of our great coal-mining States are scattered all over these 50 States. There is no responsibility on the part of Georgia and Mississippi to pass a compensation law to pay for a miner's lung disease contracted in one of the mining States. There is no way that we can deprive a man of his property without due process of law by easily trying to assess the cost of pneumoconiosis payments to an operator who has a miner who has worked for 10 or 12 or 15 or 20 years for different operators in different States or in different sections of States. You cannot do that. We found that out in our State, and we passed the last workable law and the only law that has taken care of its miners and those of neighboring States. We paid for it out of the general fund because we knew that these men were crippled and totally disabled. In many States they have no relief whatsoever.

Now, Mr. Speaker, I deny that this is an open compensation law and defy anybody to point out where it is. After 7 years no person who contracts pneumoconiosis and then files a claim can be paid by the Federal Government. We give 7 years because of the time lag in order that the people who might have the disease would have an opportunity to come in and be examined. We tightened it up so that there could be only one agency of the Government to read the findings of the X-rays in order that all would be treated alike.

Mr. Speaker, I have told this House—and I want you to know this—that I never deliberately mislead anybody. I

would not do that and I have not done it in 39 years of being a legislator, and I will not start now.

I told this House time after time that this is a one-shot compensation deal, dealing with a subject matter that is the whole lifeblood of the coal industry. There are 15,000 coal miners needed in this country in the next 18 months. Are you going to work in the coal mines? Are you going to recruit these miners in these great United States to meet the need for fuel in this country in the future? No, you are not. And you will not get any new miners—or old miners, either—to go into the mines unless you give them some security against death by explosion, death by roof falls, and death from the complications of the most dreadful of all diseases. Have you ever heard a coughing coal miner in the stillness of the night hacking away with blood coming out of his mouth and nostrils and with no care? Some have spent $180 a month for oxygen, and with nowhere to get it and depending on the charity of a charitable organization such as the Red Cross and the Salvation Army, and a man goes begging who was giving his substance to this country to make it what it is today, to build for those of us who have luxuries which we enjoy.

Yes. I know your philosophy. It is spelled out in the letter of your Secretary of Labor, who does not say the things said by the ranking minority members that sections were nongermane to the intent. Oh, no. No such language is in this letter. The plain coldblooded statement of fact is there that we oppose payment, the payment of compensation to the distressed miners of this country unless their State passes a law on it. How do you force the States to pass a law? By a statement? You cannot force them and no one else can.

These men are suffering and they are dying, and I want to give you another little bit of information that might ease your cold hearts. Eighty-five percent of all the deactivated miners in the Appalachia region are over 65 years of age, and you are worrying about what millions it is going to cost you. Their funeral services will cost more than you pay for compensation.

Let me give you some figures. These figures come from the Secretary of Health of this great Nation of ours after the only study ever made—and I have given you these figures and you know you have heard them; I gave them to the conference and they have heard them; there is nothing secret about them and you can get them. At one point a Senator came before us and told us that the cost would be as much as $180 million a year.

Gentlemen, if you took every miner in these United States and if you paid him $5,000 a year and bought his wife a chinchilla coat, you would not spend that much money.

Finally, after a little bit of fact finding, he came down to $154 million and yesterday he came down to $124 million. And, let me tell you the truth and when the truth is known to you, our Secretary of Health, Education, and Welfare, in a Public Health Service survey made in 1963 and carried through to 1965, the only authentic survey made in the field of pneumoconiosis in this great country of ours, and it was made by the Department of Health, Education, and Welfare, and it was found that 3 percent of all the active coal miners throughout the Appalachian region where the heart of black lung exists, only 3 percent of the active coal miners have the chronic and advanced stage of pneumoconiosis. That is one category paid under our provision.

If you take the 110,000 miners working underground in this country, and the only ones susceptible to the disease, the figure would go to 3,300 miners. We have a total top figure in this bill of $272 a month. And, if you count everyone of these 85 years of age or 65 years of age or 75-year-old miners and gave them credit for a wife and two children and if you paid them the top payment of $272 a month, you would be paying out something over $32.3 million for that part of the provision.

The SPEAKER pro tempore (Mr. FLOOD). The time of the gentleman from Pennsylvania has expired.

Mr. PERKINS. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. DENT. I do not know what the total cost of this provision will be, but I do know the costs being thrown around here are outrageous and unsubstantiated. We have proven that, and evidence of that proof will appear at the conclusion of my remarks.

Now, let us go a little further. It has been said on this floor that this is an invasion of States' rights, that we are injuring the State systems. You do not have any State systems. You do not have any State programs. If you did, we would not have to have this legislation. But what do we do?

Dr. Monroe Berkowitz of Rutgers University, a renowned expert in the field appeared before the committee and said:

> This would constitute an endorsement by Congress of the State system. Some inducement of this sort is vital to the continuing health of our State system of workmen's compensation. It would express a judgment by Congress that the system is worth preserving and that it is good enough to cover all. Only if States do not act would obviously second-best solutions be brought into play. If this legislation were completely successful, not one person would ever be added to the coverage of the Longshoremen's and Harbor Workers' Act.

Certainly it is a second-best solution, because if it was a first-best solution these miners would have had their compensation payments during these last years of degradation, disease and despair. No, it is not the best we can give, but I say that any opposition to this bill today is an opposition to paying some little recompense to the men who go down into the bowels of the earth, if you will, and give us the fuel that makes and has made this Nation what it is—that built its farms and its mills, and made millionaires out of many of the people—these same men who today are poverty stricken.

Come with me, will you, hand in hand, come and take a walk through the back valleys of Pennsylvania and of West Virginia, and I will show you what a coal mine looks like, and I defy any of you to stand up in the face of a small, degradated coal town and a little coal mining family in a shanty like the one I was born in, and tell me you would vote against this because your philosophy says it is not the business of the Federal Government.

The Federal Government was constituted to do for the States and the people of the States that which the States do not do for themselves.

And in that context I will leave you with this admonition, and I leave it with you because I know it to be true, and I know it is true because I know our coal miners and I know their fiber and I know their being—you defeat this bill and there will not be a coal miner in the mines of this country within 15 days.

Mr. Speaker, I will now be brief in discussing this conference report. The House passed the coal mine health and safety bill October 29, and the conference committee met and agreed on November 20—the anniversary of the Farmington tragedy. The conference committee debated the provisions of the House amendment to the bill passed in the other body with one consistent objective: the highest degree of health and safety protection to the miner. I am proud of our agreement and satisfied that it represents the best we could have even hoped for. I believe we can all take pride in this product with the knowledge that its ramifications will extend to every coal mining community in the Nation, and will afford a greater measure of security and relief to miners and their families.

Mr. Speaker, the major provisions of the bill may be summarized rather succinctly. They follow:

TITLE I—GENERAL

First. Grants authority for the promulgation of mandatory health and safety standards to the Secretary of the Interior—hereinafter referred to as the "Secretary." The Secretary promulgates all mandatory standards, but is responsible for developing and revising only mandatory safety standards. The Secretary of Health, Education, and Welfare is responsible for developing and revising mandatory health standards. No standard promulgated by the Secretary shall reduce the protection afforded miners below that provided by the interim mandatory health and safety standards contained in titles II and III, respectively.

Second. Provides opportunity for a representative of miners, whenever he has reasonable grounds to believe that a violation of a mandatory health or safety standard exists or an imminent danger exists in a mine, to obtain an immediate inspection of such mine.

Third. Provides a minimum of at least four annual inspections of each mine. Also provides a minimum of one spot inspection during every 5 working days of a mine that liberates excessive quantities of methane or other explosive gases during its operations, in which a methane or other gas ignition or explosion has occurred which resulted in death or serious injury at any time during the previous 5 years, or the Secretary believes has especially hazardous conditions.

Fourth. Establishes the procedural

mechanism for finding dangerous conditions or violations of standards in mines, and for the issuance of notices and orders—including withdrawal orders—relative to such.

Fifth. Provides administrative and judicial review procedures.

Sixth. Establishes civil penalties of up to $10,000 for operator violations of a standard or any other provision of the act. Establishes a civil penalty of up to $250 to a miner who violates specified provisions of the act—smoking, carrying of matches, and so forth. Establishes criminal penalties to any operator who willfully violates a standard or knowingly violates or fails or refuses to comply with orders. Upon conviction, such operator shall be punished by a fine of not more than $25,000 and/or imprisonment for not more than 1 year for the first conviction, and for subsequent convictions, by a fine of not more than $50,000 and/or imprisonment for not more than 5 years. Also establishes similar civil and criminal penalties to any director, officer, or agent of a corporate operator for like violations, failures, or refusals. Criminal penalties are also established for false statements, representations, or certifications relative to the act, and for the introduction and delivery in commerce of any equipment for use in a coal mine which is falsely represented to be in compliance with the provisions of the act.

Seventh. Provides for limited pay guarantees to miners idled by a withdrawal order.

Eighth. Prohibits the discharge or other discrimination against a miner for exercising rights under the act.

TITLE II.—INTERIM MANDATORY HEALTH STANDARDS

First. Establishes interim mandatory health standards effective 6 months after the date of enactment of the act.

Second. Requires each operator to take accurate samples of the amount of respirable dust in the mine atmosphere. The samples are transmitted to the Secretary and analyzed and recorded by him.

Third. Establishes a 3.0 milligram per cubic meter of air—mg./m.^{3}—dust standard effective 6 months after enactment. Extensions of time to comply with the standard—permits for noncompliance—may be granted by the Panel—established by section 5—for a period not to exceed 12 months from the effective date of the standard.

Fourth. Establishes a 2.0 mg./m.^{3} dust standard effective 3 years after enactment, but the Panel may grant permits for noncompliance to an operator for a period not to exceed 3 additional years from the effective date of the standard.

Fifth. The Secretary of Health, Education, and Welfare has the continuing authority, beginning 1 year after enactment, to further reduce the dust standard below the levels established by the act to levels which will prevent new incidences of respiratory disease and the further development of such disease in any person.

Sixth. Each operator shall cooperate with the Secretary of Health, Education, and Welfare in making a chest X-ray available to each miner within 18 months after enactment, again 3 years later, and at such subsequent intervals determined by the Secretary of Health, Education, and Welfare but not to exceed every 5 years. Each worker who begins work in a coal mine for the first time shall be given a chest X-ray at the commencement of his employment and again 3 years later. If the second X-ray shows evidence of the development of pneumoconiosis, the worker shall be given an additional X-ray 2 years later. The X-rays may be supplemented by other tests deemed necessary by the Secretary of Health, Education, and Welfare. The Secretary of Health, Education, and Welfare is also responsible for reading, classifying, and recording all results of X-rays and other medical tests.

Seventh. Any miner who shows evidence of the development of pneumoconiosis shall be afforded the option of transferring from his position to another position in any area of the mine where the respirable dust concentration is not more than 2.0 mg/m^3. Effective 3 years after enactment, the option of transfer shall be to an area of the mine where such concentration is not more than 1.0 mg/m^3, or if such level of concentration is not attainable in the mine, to an area where the concentration is the lowest attainable below 2.0 mg/m^3. Any miner so transferred shall not receive less than the regular rate of pay received by him immediately prior to transfer.

Eighth. Incorporates the noise standard prescribed under the Walsh-Healey Public Contracts Act, and provides authority to the Secretary of Health, Education, and Welfare to improve upon such standard.

TITLE III.—INTERIM MANDATORY SAFETY STANDARDS FOR UNDERGROUND COAL MINES

First. Establishes interim mandatory safety standards effective 3 months after the date of enactment of the act.

Second. Establishes detailed requirements to provide for safer working conditions in underground coal mines. These include requirements with regard to roof support, ventilation, combustible materials and rockdusting, electrical equipment, trailing cables, grounding, underground high-voltage distribution, underground low- and medium-voltage alternating current circuits, trolley and trolley feeder wires, fire protection, maps, blasting and explosives, hoisting and mantrips, emergency shelters, communications, escapeways, and other miscellaneous matters.

Third. Establishes requirements for the use of permissible equipment in all underground coal mines. Requires that all electric face equipment at gassy mines and all such small equipment at all mines be permissible within 15 months after enactment. It is also required that, in the case of mines not previously classified as gassy which are below the watertable, such large equipment must be permissible in 15 months, but the Panel may grant extensions of time—permits for noncompliance—of not to exceed in the aggregate an additional 33 months if the Panel determines, based on specified criteria, that the operator is unable to comply with the permissibility requirements because of unavailability of permissible equipment. In the case of such mines which are located entirely above the watertable, it is required that such large equipment be permissible within 51 months after enactment but the Panel may grant extensions of not to exceed 2 additional years on a mine-by-mine basis because of unavailability of such equipment.

TITLE IV—BLACK LUNG BENEFITS

First. Provides for the payment of benefits for death or total disability due to pneumoconiosis.

Second. Coal miners and former coal miners who are totally disabled due to pneumoconiosis will receive benefits at a rate equal to 50 percent of the minimum monthly payment to which a disabled Federal employee in grade GS–2 would be entitled at the time of payment. This represents approximately $136 per month. Widows of coal miners and former coal miners whose deaths are due to pneumoconiosis or whose deaths occurred while receiving total disability benefits, receive benefits at the rate prescribed for totally disabled miners. The rates prescribed above are increased for dependents at the rate of 50 percent for one dependent, widow or child, 75 percent for two dependents, and 100 percent for three or more dependents. The benefits for miners and widows will be reduced on account of payments under the workmen's compensation, unemployment compensation, or disability insurance laws of the State and, in the case of miners only, on account of excess earnings, as provided under the Social Security Act for benefits payable under that act.

Third. The following presumptions are used in determining entitlement:

A. If a miner who is suffering from pneumoconiosis was employed for 10 years or more in an underground coal mine, there will be a rebuttable presumption that the pneumoconiosis arose out of such employment.

B. If a miner worked 10 years in such a mine and died of a respirable disease, there will be a rebuttable presumption that his death was due to pneumoconiosis.

C. If a miner is suffering from or dies from an advanced irreversible stage of pneumoconiosis, it will be irrebuttably presumed his death or total disability was due to pneumoconiosis.

Fourth. Claims filed before December 31, 1972, will be processed by the Secretary of Health, Education, and Welfare in a manner similar to that he uses for processing claims for disability under the Social Security Act. If the claim is filed after December 31, 1971, benefits under that claim may be paid only until January 1, 1973. Claims filed on or after January 1, 1973, will be processed under the appropriate State workmen's compensation law if the Secretary of Labor has determined it has adequate coverage for pneumoconiosis. He will, generally speaking, determine a State law to have adequate coverage for pneumoconiosis if the cash benefits under such law and the criteria for determining eligibility are not less favorable to the claimant than those applicable to claims filed before January 1, 1973. Where the applicable State workmen's compensation law does not provide adequate coverage for pneumoconiosis, the persons entitled to bene-

fits will have their claims processed, so far as applicable, under the terms of the Longshoremen's and Harbor Workers' Compensation Act.

Fifth. In the case of claims filed on or after January 1, 1973, no payments of benefits may be made after 7 years after the date of enactment of the act.

TITLE V—ADMINISTRATION

First. Provides authorization for appropriations for health and safety research to be carried out by the Secretary of Health, Education, and Welfare and the Secretary, respectively.

Second. Requires the Secretary to expand programs for the education and training of operators, agents thereof, and miners in accident control, healthful working conditions, and in the use of coal mining equipment and techniques.

Third. Provides for economic assistance to any small business concern operating a coal mine to meet the requirements imposed by the act. Such assistance shall be given by the Small Business Administration.

Fourth. Specifies qualifications and training requirements for employees of the Secretary; particularly inspectors.

Mr. Speaker, I would like to take an additional minute to discuss title IV of the conference report—the title providing for black lung benefits. When we began considering a coal mine health and saftey proposal early this year, I think it fair to say that this provision was not generally thought of as likely to be included in the final bill. A similar provision was in fact included in the bill passed by the House and it was done because of the tremendous effort and tenacity put forth by the gentleman from New Jersey (Mr. DANIELS) and the gentleman from California (Mr. BURTON). The gentleman from New Jersey gave this provision life when he led it through his subcommittee and was gracious enough and concerned enough about the ultimate claimants to ask that it be incorporated into the health and safety package. The gentleman from California was absolutely uncompromising in his determination to fight the battle for the provision beyond that, and existence of the provision in the conference report is a testimony to his success.

Mr. Speaker, there is only one State that now provides an assistance program of any significant scope, and that is the Commonwealth of Pennsylvania. The citizens of that State, through their taxes, provide the general revenues for the program. It is my understanding that Pennsylvania's program is the only one funded through general revenues. Other such programs are funded by employer contributions and are essentially workmen's compensation programs. The conference report contains a maintenance of effort provision which provides that no benefits shall be paid under this provision to the residents of any State which, after the date of enactment, reduces the benefits payable to persons eligible to receive benefits under this provision, under its State laws which are applicable to its general work force with regard to its State laws which are applicable workmen's compensation, unemployment compensation, or disability insurance.

Mr. Speaker, we are talking about laws which apply to a State's general work force and not laws for a segment of the work force. We are also talking about programs that are, in fact, workmen's compensation, unemployment compensation, or disability insurance. This literal interpretation is also intended to apply to sections 412(b) and 422(g)—the offsetting provisions. We are not talking about State programs funded through general revenues. Any State that has such programs could reduce benefits payable to persons eligible to receive them under this provision. If the State did not so reduce the benefits, such benefits could not be offset or deducted from payments under this provision.

This should be made unmistakably clear. The language of the conference report and the appropriate amplification of that language in the statement of the managers on the part of the House says as much.

Mr. Speaker, it is time to act on this bill. Its provisions are long overdue and our miners have waited and suffered long enough.

Mr. Speaker, if I may pay one final tribute, the gentleman in the Chair, the gentleman from Pennsylvania (Mr. FLOOD), has labored over this bill with a concern for miners and their families that can only come from living among them. Before the thought of a new coal mine health and safety law gained popular support, DAN FLOOD was the most persistent and tenacious advocate of a better law. He recognized the shortcomings of the existing law, and overcame every obstacle in fighting for a proposal that provided meaningful protection to the miner.

His imprint is indelibly inscribed on this bill. Even though he is not a member of the Committee on Education and Labor, he managed to put provisions in the bill that are solely his. The gentleman testified before our committee and before the Senate committee in support of strong coal mine health and safety legislation, and also for the provisions granting benefits to miners disabled due to pneumoconiosis and to the widows of those who died from the disease. I can well recall his impassioned pleas for these miners and widows, and I think it is fair to say that DAN FLOOD should certainly enjoy this Christmas with the knowledge that his role in this effort was major in every respect.

Mr. Speaker, I now include in the RECORD our response to Secretary Hickel's estimate of the costs of the black lung benefit provision. They follow:

RESPONSE TO HICKEL LETTER

The following comments are directed to the letter of December 12, 1969, from Secretary of the Interior Walter J. Hickel to Senator Jacob K. Javits regarding the estimated cost of Title IV of the conference report on the Federal Coal Mine Health and Safety Act. They are particularly directed to the estimates contained in "Plan I" of the letter—the estimated cost of a program similar to that provided in title IV.

The assumptions made in estimating the cost of the program are inaccurate in the light of available and relevant information.

(1) The first and basic assumption in the Hickel estimate is that the experience of title IV will be similar to the Pennsylvania law. Although the criteria for determining eligibility for receiving total disability benefits under title IV and the Pennsylvania statute are similar, the actual implementation of the two provisions may not be identical. For instance, as of December 1, some 25,579 miners were on Pennsylvania's benefit rolls. Presumably, they were all totally disabled due to pneumoconiosis. Presumably also, they were totally disabled according to the Social Security Act definition (the qualification in title IV). And yet, the fact is that only a fraction of those miners were receiving Social Security disability insurance, and there are presently only about 20,000 individuals throughout the United States receiving such disability insurance for all respiratory diseases.

(2) The Hickel estimate then progresses from that first assumption to expand the Pennsylvania experience to all potential claimants in the United States. It begins with the 25,579 Pennsylvania miners. Two thousand additional miners are arbitrarily added to that figure with the statement that 2,000 miners will be transferred within the next 18 months from Pennsylvania's workmen's compensation program to its pneumoconiosis benefit program. The reason for the 18 months is never explained. The more relevant date is the present and not 18 months from now, or July 17, 1971. In any event—in the interest of fairness—if the 2,000 miners should be added to the present benefit total, then an appropriate number should be subtracted from that total on account of the death of miners now on the rolls. The Pennsylvania experience is 187 deaths per month of miners receiving such benefits. Over 18 months then, some 3,366 miners could be expected to be dropped from the Pennsylvania rolls because of their death.

The Hickel estimate is exaggerated on this point then, by 5,366 miners.

(3) The Hickel estimate then takes the inflated figure of 27,579 miners and expands it nationwide. It does so by taking that proportion who are bituminous miners (38%)—thereby arriving at a figure of 10,500 miners—and multiplying that figure by a multiple of 4. The multiple was determined by stating that Pennsylvania has approximately 25% of the Nation's underground bituminous miners. This is quite correct, but irrelevant. The appropriate multiple should be derived by projecting the man-years of exposure for disabled Pennsylvania miners to the man-years of exposure in the coal-producing states. During the period 1930–1950, these figures were 1,940,441 and 6,828,725, respectively. The correct multiple then, should be about 3.5.

Using the Hickel multiple of 4, the total number of bituminous miners in the inactive population who meet the Pennsylvania criteria is estimated at 42,000. Using the more appropriate multiple of 3.5, that figure would be 36,750. It is obvious that the error is becoming more aggravated with each such inaccurate assumption or statistical technique.

(4) The Hickel estimate then adds 2,400 miners to the total. That number supposedly represents those active miners who have complicated or advanced pneumoconiosis. The assumption must be that all 2,400 miners will leave their jobs if offered benefits under this program, because the miner's earnings would offset his benefit allowances if he continued to work. It is highly unlikely that all 2,400 miners will do so. A more realistic assumption is that about 10%, or 240 of the 2,400 active miners, presently afflicted with complicated pneumoconiosis—would retire.

(5) After anthracite miners are added to the escalating Hickel total, it is 61,400 bituminous and anthracite miners eligible for benefits. Some 7,000 miners are then subtracted from that total. The 7,000 represent those who are on or will qualify for State workmen's compensation, thereby offsetting

Federal cost. The actual figure is nearer 10,000—according to State figures—than 7,000.

(6) A multiple for dependents of eligible miners is then applied to the 54,000 total. The assumption is made that each miner has 1.5 dependents. According to information from the United Mine Workers retirement fund, the figure or multiple should be 1.2 dependents for each miner. This inaccurate multiple, when applied to the total, represents an error of 16,320 individuals.

Mr. PERKINS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Pennsylvania (Mr. SAYLOR).

Mr. SAYLOR. Mr. Speaker, I rise in support of this conference report, and I do so because it is a good report and I too, like my colleague, the gentleman from Pennsylvania, JOHN DENT, come from an area of coal mines, coal miners, and coal towns.

This bill is the price being paid by the Congress of the United States on behalf of the American conscience. It is a part of the price that we, the present citizens of this country, must pay for crimes of the past. It is a little effort to square accounts for what the country did not do before. Heretofore, Mr. Speaker, we followed the practice of getting the most out of our miners and our coal—get it out—get paid and to ——— with all thought of tomorrow.

Mr. Speaker, it is our privilege to sit here in the Halls of the Congress tonight. The lights are bright, not only here in the Halls of Congress, on Capitol Hill, but throughout Washington and throughout our land, not cognizant of the fact that about 80 percent of those lights are generated by coal. Whether you folks realize it or not, this country is today short 15,000 coal miners.

Companies will give you a college education, if you will just promise to come back and tell them you will work for the coal mines afterwards, and you cannot get the young people to accept this offer or without a college education to go into the coal mines.

I have lived in communities where the people have said, "Look, I work in the coal mines, and I have just one desire, and that is I do not want my children to work in the coal mines."

If we expect to have the kind of economy that we have developed, and if we expect to have electricity throughout the length and breadth of our land; if we expect to have the good things of this country and our world, then we had better pass this conference report. If we do not, I can tell you it will be less than 15 days until every miner in this country walks out of the mines and their newly elected president, their national officers, the President of the United States, the Congress of the United States, yes the Supreme Court of the United States will not get them to go back into the mines.

And you just try and get somebody else to go down in a mine and mine coal.

There is not one of you in this room, except maybe a half dozen who have ever been down in a mine and who know what it is to operate the complex machine of a modern-day mine. That is what we, the Congress, are faced with if we fail to adopt this conference report.

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

Mr. SAYLOR. I yield to the gentleman.

Mr. BRAY. Mr. Speaker, I certainly intend to support this conference report. I do not have any mine within 50 miles of my present district, but 15 years ago I did represent many of the mines in the State of Indiana and, in fact, I was very active on the mine safety bill of 1953, I believe it was.

I am going along with this conference report, and I think it would be fine if we all did so.

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

Mr. SAYLOR. I yield to my colleague, the gentleman from Pennsylvania.

Mr. McDADE. I thank my distinguished colleague for yielding.

Mr. Speaker, I want to associate myself with the remarks the gentleman has made and to express my unequivocal support of this conference report. I urge all of my colleagues to recognize the enormous debt that we owe to the coal miners of this Nation and to pass this most important and humane piece of legislation.

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

Mr. SAYLOR. I am happy to yield to my colleague from Virginia.

Mr. WAMPLER. Mr. Speaker, I rise in support of this conference report.

I think this is very important legislation. It is designed to meet one of the real needs of our time. We have heard some talk this evening about States' rights. I think there is also such a thing as States' responsibilities, and when a State cannot or will not do those things which it should do, I think we here in the Congress have the responsibility of acting accordingly.

Mr. Speaker, I urge the adoption of this conference report.

Mr. REID of New York. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I am happy to yield to the gentleman from New York.

Mr. REID of New York. Mr. Speaker, I commend the gentleman most warmly for his excellent statement and for his initiative in this regard along with the gentleman from West Virginia (Mr. HECHLER), the gentleman from Pennsylvania (Mr. DENT) and other Members on both sides.

Mr. Speaker, this bill is a vital bill. It has been far too long delayed. I think it is absolutely essential that this conference report be supported.

Mr. SAYLOR. Mr. Speaker, let me say to you unless you have been in a coal town and unless you have seen a miner come out of a mine—black, yes, black from the dirt of the coal—and see him try to walk home from the tipple to his house which may be only a couple of hundred yards away, and to see him stagger along, fighting for his breath, hang on to a telephone post or some kind of post along the way, and cough and spit, and sit down all out of breath and fight to get his breath, wave off the efforts of his fellow miners, telling them this is his problem, to leave him alone—wondering if he will gain enough strength to get home—yes, that is what we have done to human beings in this country in coal mines in the past.

What this conference report does is to try to compensate a little bit for the ills of the past.

I think it is rather fortunate that this conference report is brought up during the advent season. Let me remind you of the words of our Master who said:

If you have done it to these my children, you have done it unto Me.

I hope we have as big a vote in support of this conference report as we did on the original bill.

Mr. PERKINS. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. PUCINSKI).

Mr. PUCINSKI. Mr. Speaker, I wish to associate myself with the remarks of the distinguished chairman of my subcommittee, the gentleman from Pennsylvania (Mr. DENT), who has worked so hard and tirelessly to bring this legislation to a fruitful conclusion.

I suggest that this bill, when finally passed by Congress, will be a monument to his compassion for his fellow men. This country owes him a great debt of gratitude.

Mr. Speaker, I reject completely the threat of a Presidential veto. With all due respect to my colleague, the gentleman from Illinois, I think any suggestion that the President may veto this bill is an unfortunate intimidation of the legislative branch of Congress. We have our responsibility and the President has his. If the President wishes to veto this bill when the time comes, he has his rights and he can exercise those rights at the proper time. But I believe it is an intrusion on the right of the legislative to threaten a veto even before Congress has had an opportunity to use its own judgment and work its will. I will tell you this—you study this bill and you will see what it does and you are going to find that this is landmark legislation. I was proud to sign the conference report on this bill and I might say to my colleagues that at no point did anybody come to me and say there were provisions in this conference report that went outside of the scope of discussion in the conference.

I doubt very much if the President will veto this bill after he familiarizes himself with all of its provisions. And if he does, he will have to make every effort to override the veto.

I think this is a good bill. I congratulate the chairman of the subcommittee (Mr. DENT) and I congratulate the chairman of the full committee (Mr. PERKINS) for bringing this bill before us today. Once we get this bill through this House, I think all of us can be proud of the contribution we made. I am not surprised that some of the conglomerates that are buying up coal mines might be opposed to some of this legislation, but as my friend said here a moment ago, unless we bring some meaningful safety standards into the coal mines of America, we will not have any coal mines. I am proud of the fact that I insisted on bringing the Public Health Service into these coal mines for the first time to establish safety standards for the American coal miner. We can now look forward to some decent standard to protect the health of our miners.

I will tell you that this is a bill that every one of us can vote for and can support with pride, because it is meaningful legislation for the health of this coun-

try and the future growth of this country. I urge adoption of the conference report.

Mr. PERKINS. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. ESCH).

Mr. ESCH. Mr. Speaker, I think the first point should be to establish my credibility and to recognize that there is more emotionalism then factual evidence being presented in the conference report today. I came from a coal mining town. My father's health was directly impaired by the black lung disease. So the intent of my remarks should be taken with that in mind.

I also favored the provisions of the House bill provision concerning black lung compensation. But I stand opposed to title IV as it now is, and I think those Members, especially those from coal mining districts, should be aware of what we are attempting to do here today, and that is to instruct the conferees to go back and to provide that they bring back in title IV the same language that left the House.

I make that statement for this particular reason: When this bill passed the House, and as stated in the committee report, there was no indication that there should be a broad base involvement of workmen's compensation acts in every State in the Union under this title. As it now stands, under title IV, we are opening the door to Federal intrusion into the total workmen's compensation program in the country.

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

Mr. ESCH. I will not yield at this time; instead of yielding to the gentleman from California, I would like to read the gentleman's remarks on October 29 of this year on the floor of this House when he rose in opposition to cutting out the compensation feature of title IV. At that time he quoted from the committee report—

> Mr. BURTON. It is intended, as the committee report so very emphatically and unambiguously states:
>
> This payment program is not a Workmen's Compensation program. It is not intended to be so. It contains none of the characteristic features which mark any Workmen's Compensation plan, and it is clearly not intended to establish a Federal prerogative or precedent in the area of payments for death, injury, or the illness of other workers.

I stand ready to support a coal mine safety bill. I stand ready to support a strong compensation bill for people who have been affected by black lung disease. But let us instruct the conferees to come back, not with an open-door provision on workmen's compensation, but with a very limited and well drawn provision that will allow us to pass this bill and see it enacted into law.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

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

Mr. STEIGER of Wisconsin. Mr. Speaker, I commend the gentleman from Michigan for his statement and wish to associate myself with his remarks. I was one of those on this floor who opposed the amendment at the time it was offered by the gentleman from Iowa (Mr. SCHERLE) and supported the pneumoconiosis conference provision. I am distressed by the action of the conference. I believe the position of the House on this question should be upheld.

The SPEAKER pro tempore (Mr. FLOOD). The time of the gentleman has expired.

Mr. PERKINS. Mr. Speaker, does the gentleman from Michigan wish more time?

Mr. ESCH. Yes, I do.

Mr. PERKINS. I yield the gentleman 2 additional minutes.

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

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

Mr. BURTON of California. Mr. Speaker, I wanted the gentleman from Michigan to yield during his statement because for those who read the RECORD, there is no difficulty in finding this gentleman's observations. In my opinion the gentleman in the well, the gentleman from Michigan (Mr. ESCH) has stated in all accuracy that he had previously established his credentials and his concern for the black lung victims. There can be no challenge on any account on that question. It was for that purpose I sought to have the gentleman from Michigan yield to me, because I am very much aware not only of the most constructive contribution the gentleman from Michigan made, but similarly the contribution made by the gentleman from Wisconsin (Mr. STEIGER). If they have changed their attitude on this portion, one can clearly know it is precisely for the grounds they state and not because of their indifference to the plight of these black lung miners and their widows.

Mr. ESCH. Mr. Speaker, will the gentleman not concur that it would be very possible for the conferees to go back, before we finish this session—as we have many other conferences going on also—and next week come back with the provision that title IV, part C be stricken, so that we can assure that we get an adequate black lung compensation provision without opening up the question of State workmen's compensation? Would the gentleman not concur that would be possible?

Mr. BURTON of California. The gentleman from Michigan quoted me earlier in his remarks and quoted me accurately. Those sentiments were mine in the conference, as I hope would have been attested to by now. They are still my sentiments, but in any conference we have to accept and to give and take with the other body. We did that, upholding, I believe, the bulk of the thrust of the House bill. We simply did not win all. I wish we could have.

Mr. ESCH. Mr. Speaker, I appreciate the gentleman's remarks. I hope he will support the motion to recommit.

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

Mr. ESCH. I yield to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Speaker, I wish to explain that when I offer my motion to recommit, it will be to instruct the conference to insist upon section 110(b) of the bill as it passed the House which is the pneumoconiosis compensation provision.

Mr. PERKINS. Mr. Speaker, I yield 3 minutes to the distinguished Speaker of the House (Mr. MCCORMACK).

Mr. MCCORMACK. Mr. Speaker, I am very happy to be a Member of this House today while this bill is in its final passage through this body. I am confident that the clear majority of the Members of the House will reject the motion to recommit with instructions.

I can remember when I first came here the situation that confronted millions of human beings just like ourselves, those who came from other parts of the United States and who worked in the mines. Behind those human beings were their wives and their families.

I can remember as a member of the Ways and Means Committee, in the early 1930's, the legislation coming before that committee, legislation that was then on its way through the long journey of progress for those who worked in the mines, to which the gentleman from Pennsylvania (Mr. SAYLOR) has so graphically referred today. My heart was with them then, and my heart is with them now.

I saw them occupying a position of what I called economic slavery. They worked in the mines, they lived in company-owned houses, they bought in company-owned stores, and they were denied, through economic pressure and blacklisting and many other conditions, the right to organize.

I can remember the legislation that came out of the Ways and Means Committee by a vote of 13 to 12 in the 1930's, and I am very glad that I was one of those constituting the 13 in the Ways and Means Committee who voted for the early legislation in those years.

That was a painful journey. Today we have before us the culmination of the long, hard journey in the effort to bring justice to those who work in the mines, and in bringing justice to those who work in the mines, also bringing justice to the wives and to the families.

I am very glad to be a Member today, when this bill is up. I congratulate the chairman of the committee and the members of the committee, and the members of the conference committee. I hope that this bill will pass the House by an overwhelming vote, conveying to the miners of today a message from this body that we realize the problems which confront them and that we are doing everything possible to try to bring justice to them.

So, Mr. Speaker, I join with my colleagues in sending a message to those who work in the mines that we from all parts of the United States have extreme and favorable consideration for them.

Again I congratulate the committee, and I congratulate the Members of the House, when this conference report will be adopted, because it is another step in the cause of justice. It is another step in the consideration of human beings.

Mr. PERKINS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Iowa (Mr. SCHERLE).

Mr. SCHERLE. Mr. Speaker, I was one of the four who voted against this bill

when it first came to the House floor. That was not because I am against safety; not at all. But I am totally and unequivocally opposed to Federal workmen's compensation.

I was pleased tonight to hear my colleague from Illinois (Mr. ERLENBORN) confirm those fears I expressed when the bill was on the floor. Up until today the proponents of this bill carefully avoided using the term "Federal workmen's compensation" for fear of States' rights usurpation, and perhaps even the possible total defeat of the bill.

One can call it anything he wants, it is still Federal workmen's compensation. It is benefits that will be paid for by the Federal Government.

This foot-in-the-door approach will relegate the jurisdiction of the States in the field of workmen's compensation to purely administrative functions. This is only the beginning.

No other disease, no injury, nothing at all is covered in this bill other than "black lung" or pneumoconiosis under the provision of Federal workmen's compensation. That term alone should frighten the Members. Much less should they vote for it.

When this bill was on the House floor it was sold on the premise that it was a coal mine safety bill. No one in this body is against coal mine safety. We all voted for that. But the inclusion of Federal workmen's compensation was not mentioned. Many Members voted for it without ever knowing that it was a provision of the bill.

Once again, the total estimate of this measure was given at $40 million. We have had varying figures, from $40 million to as high as $400 million. This, I believe, would exceed any type of support we could give this bill.

The statement was made a short time ago that we cannot get men to work in the mines. We cannot get men to work on the farms in Iowa. This bill is not a handicap.

There are three States, Virginia, West Virginia, and Pennsylvania, that have developed laws as far as pneumoconiosis is concerned.

I believe it is the responsibility of the States to take care of their own. I am not asking anybody in this Chamber to take care of my people back in Iowa who are incapacitated by inhaling dust from working in grain elevators, or any other disease.

We do have sympathy and compassion for the coal miners and are making provisions for a safety bill. However, I believe we defeat our purpose if we vote for this measure based on renumeration to be paid by Federal workmen's compensation, a real Pandoras box.

Mr. PERKINS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania (Mr. FLOOD).

Mr. FLOOD. Well, Mr. Speaker, I hear the wolves howling. I fly in the face of the gods even for 2 minutes. I take this 2 minutes, Mr. Speaker, because I am from the hard coal fields—the anthracite fields. Now, you have heard about black lung and pneumoconiosis. Well, I speak for the anthracite miner's asthma. Did you ever hear of that? Anthracosis. Just as deadly and just as disastrous. I would not attempt to gild the lily and approach the speech of my friend from Pennsylvania (Mr. DENT). I knew him in Harrisburg. I knew him when. The right man in the right place at the right time as chairman of this subcommittee—DENT of Pennsylvania.

I just want to tell you soft coal people that there is still hard coal. Maybe we can only use it to make dress shirt studs any more, but when I first came here 25 years ago I had 30,000 men in my district in the hard coal fields. Today I have 3,500. But I have 25,000 retired miners spitting out their guts and their lungs in the coal buckets all through my district from miner's asthma. Now put that in your pipe and smoke it. Do you think FLOOD, with my reputation in this House, would be particeps criminis to an indictment that has been laid against this committee? I do not think you do, or I would not be standing here.

Mr. PERKINS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from California (Mr. BURTON).

The SPEAKER. The gentleman is recognized for 5 minutes.

Mr. BURTON of California. The mine workers do not want this bill to go back to conference. I am led to believe on good information that the local operators do not want this bill to go back to conference. I hope the majority of my colleagues do not want it to go to conference, and I hope we turn down the motion to recommit.

I am particularly gratified that the black lung benefit provision—a lonely orphan several months ago—will be the law of the land, if the recommit motion is defeated.

An explanation of the bill summary will be inserted at this place in the RECORD, along with cost estimates presented by Secretary of Interior, Mr. Hickel.

Time will tell whether these last-minute estimates were straight forward—or whether they were—as is my opinion—politically motivated and White House dictated. This ignoble effort to deny any meaningful help to black lung widows and miners deserves our flat rejection.

The House payment provisions have been around for 5 months—is not it suspicious that the administration waited until the last 5 days—more than 1 month after the conference concluded, to come up with their estimates?

The material referred to follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., December 12, 1969.

Hon. JACOB K. JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: In response to your request, estimates of the Federal costs of the benefit provisions of the Federal Coal Mine Health and Safety Act of 1969 have been developed. These estimates were developed after consultation between this Department and the Department of Health, Education, and Welfare; the Department of Labor, and the Bureau of the Budget.

Several major problems in preparing cost estimates developed. The language of the draft provision of the bill does not define the term "total disability due to pneumconiosis". It simply provides that the Secretary of Health, Education, and Welfare, shall, by regulation, prescribe standards for determining whether a miner is totally disabled due to pneumoconiosis. The standards established by Health, Education, and Welfare for such determination are an essential element in determining the cost of this program. From conversations with the Committee staff, it is not clear just what the intention is with respect to the establishment of criteria for determining eligibility due to total disability from pneumoconiosis. If the standards established by Health, Education, and Welfare allow those miners to qualify under this program who do not otherwise qualify for disability benefits under the social security program, the cost to the Federal Government could be in the neighborhood of $300 million or more during the first year. If, on the other hand, the standards established by Health, Education, and Welfare are similar to the standards established under the social security program, based on the Pennsylvania experience which is administered under comparable standards, the cost to the Federal Government could be in the neighborhood of $150 million or more during the first year. If the standards established by Health, Education, and Welfare are to be somewhere in between, the cost of course could range between these two figures.

The figures attached to this letter have been computed on the basis of both assumptions set out above. Any attempt to offset these costs by benefits otherwise payable for total disability under the social security program is extremely difficult. No exact figures are available indicating the number of miners presently receiving total disability benefits due to pneumoconiosis. Also various assumptions were made regarding the age of the potential beneficiaries, the number of dependents, mortality rates and other influencing factors. It must be understood that the assumptions underlying the attached figures may have introduced a margin of error into the estimates, the magnitude of which is unknown.

The estimates do not reflect State costs, which in future years would be considerable, nor do they consider Federal administrative costs of determining eligibility and making payments. It may cost $8,000,000 or more, including the cost of medical services, to make initial determinations of disability due to pneumoconiosis. In addition, there would be a continuing cost of preparing and issuing benefit checks.

Sincerely,

WALTER J. HICKEL,
Secretary of the Interior.

ESTIMATED FEDERAL COST OF BENEFIT PAYMENTS

PLAN I

Assume:

1. The Federal benefit provision will be similar in experience to the Pennsylvania Pneumoconiosis Benefit Law. The criteria for benefits are:

(1) The miner must have X-ray evidence of pneumoconiosis.

(2) The miner must be completely disabled—not able to engage in any gainful employment.

A. On 10/1/69, 25,579 miners were on Pennsylvania's benefit rolls. Two thousand will be transferred in the next 18 months from workmen's compensation to benefit payment by virtue of having exhausted benefits under workmen's compensation. Total on benefits 7/17/71: 27,579.

B. Based on workmen's compensation data, 62 percent of those compensated are anthracite miners, and 38 percent are bituminous minors. $27,579 \times 38\% = 10,500$ bituminous. $27,579 \times 62\% = 17,079$ anthracite.

C. In 1952 and 1969 Pennsylvania had approximately 25 percent of the underground bituminous-coal miners. $10,500 \times 4 = 42,000$. Total number of bituminous miners in the

inactive population who meet the Pennsylvania criteria.

Anthracite miners (see plan I for basic data):

Employed in 1952—120,000. All are no longer employed in anthracite mines. Assume 60 percent mortality. Number of survivors in 1969—48,000.

Assume 75 percent are over 61 and eligible for benefits	36,000
Assume 50 percent of those less than 61 are eligible for benefits	6,000
Assume of the 6,000 presently in the anthracite workforce, 20 percent would qualify	1,200
Total	43,200
Presently receiving State workmen's compensation	2,500
Total	40,700

Total bituminous miners	99,500
Total anthracite miners	40,700
Total	140,200

Assume each case has 1.5 dependents. Federal payment is $2,657.

Total cost of miner benefits: 140,200 × $2,657 = $374,000,000.

Widow cost—$9,650,000.

Total $383,650,000 ($374,000,000 + 9,650,000).

PLAN II

Criteria for total disability:

1. X-ray evidence of pneumoconiosis.
2. Evidence of physical impairment.
3. Age.

Population at risk in 1952:

1. Bituminous-coal miners	400,000
2. Anthracite miners	120,000
Total	520,000

Mine population in 1952 and 1969:

1952 work force				1969 Work force	
Age group	Number of men	Surviving in 1969	Age 1969	Number of men	Age group
20 to 24	48,000	47,000	37 to 41	9,600	20 to 24
25 to 29	60,000	57,000	42 to 46	12,600	25 to 29
30 to 34	56,000	52,000	47 to 51	11,200	30 to 34
35 to 44	104,000	94,000	52 to 61	20,800	35 to 44
45 to 54	76,000	56,000	62 to 71	15,200	45 to 54
55 to 59	36,000	17,000	72 to 76	7,200	55 to 59
60 to 64	20,000	6,000	77	4,000	60 to 64
Total	400,000	329,000		80,000	

Assume 95% of surviving men in 1952 work force now over 61 are eligible for benefits	75,000
Assume of the surviving men in the 52/61 age group in the 1952 work force, 10,000 are still in the work force and that 25% of the remaining group are eligible for benefits. $\frac{94{,}000-10{,}000}{4}=21{,}000$	21,000
Assume that in the present work force the number of eligibles is the same as the number with pneumoconiosis 80,000 × .10 = 8,000	8,000
	104,000
Total bituminous miners presently on State workmen's compensation plan	4,500
	99,500

D. In the active miners, the Public Health Service found 3 percent with X-ray evidence of advanced pneumoconiosis. 80,000 × .03 = 2,400.

E. Total bituminous miners eligible for benefits. 42,000 + 2,400 = 44,400.

F. There are no anthracite mines in any State other than Pennsylvania.

Number of anthracite miners on the Pennsylvania benefit roll: 17,079.

G. Total number of bituminous miners and anthracite miners eligible for benefits. 44,400 + 17,000 = 61,400.

H. Assume 7,000 men (4,500 bituminous miners and 2,500 anthracite, miners) are on or will qualify for State workmen's compensation. 61,400 − 7,000 = 54,400 Total eligible miners.

I. Assume each miner has 1.5 dependents. Federal payment is $2,657. 54,400 × $2,657 = $145,000,000.

J. Widows benefits $9,650,000.

Total: $154,650,000 ($145,000,000 + $9,650,000)

SUMMARY

Plan I

The Federal benefit provision will be similar in experience to the Pennsylvania Pneumoconiosis Benefit Law.

The criteria for disability are:

1. The miner must have X-ray evidence of pneumoconiosis.
2. The miner must be completely disabled—not able to engage in any gainful employment.

First year cost without offsets: $154,650,000.

Twenty-year cost without offsets: $1,200,000,000.

Plan II

Criteria for disability:

1. X-ray evidence of pneumoconiosis.
2. Evidence of physical impairment.
3. Age.

First year cost without offsets: $383,650,000.

Twenty-year cost without offsets: $2,980,000,000.

SUMMARY OF MAJOR PROVISIONS

TITLE I—GENERAL

(1) Grants authority for the promulgation of mandatory health and safety standards to the Secretary of the Interior (hereinafter referred to as the "Secretary"). The Secretary promulgates all mandatory standards, but is responsible for developing and revising only mandatory safety standards. The Secretary of Health, Education, and Welfare (HEW) is responsible for developing and revising mandatory health standards. No standard promulgated by the Secretary shall reduce the protection afforded miners below that provided by the interim mandatory health and safety standards contained in titles II and III, respectively.

(2) Provides opportunity for a representative of miners, whenever he has reasonable grounds to believe that a violation of a mandatory health or safety standard exists or an imminent danger exists in a mine, to obtain an immediate inspection of such mine.

(3) Provides a minimum of at least four annual inspections of each mine. Also provides a minimum of one spot inspection during every five working days of a mine (A) that liberates excessive quantities of methane or other explosive gases during its operations, (B) in which a methane or other gas ignition or explosion has occurred which resulted in death or serious injury at any time during the previous five years, or (C) the Secretary believes has especially hazardous conditions.

(4) Establishes the procedural mechanism for finding dangerous conditions or violations of standards in mines, and for the issuance of notices and orders—including withdrawal orders—relative to such.

(5) Provides administrative and judicial review procedures.

(6) Establishes civil penalties of up to $10,000 for operator violations of a standard or any other provision of the Act. Establishes a civil penalty of up to $250 to a miner who violates specified provisions of the Act (smoking, carrying of matches, etc.). Establishes criminal penalties to any operator who willfully violates a standard or knowingly violates or fails or refuses to comply with orders. Upon conviction, such operator shall be punished by a fine of not more than $25,000 and/or imprisonment for not more than one year for the first conviction, and for subsequent convictions, by a fine of not more than $50,000 and/or imprisonment for not more than five years. Also establishes similar civil and criminal penalties to any director, officer, or agent of a corporate operator for like violations, failures, or refusals. Criminal penalties are also established for false statements, representations, or certifications relative to the Act, and for the introduction and delivery in commerce of any equipment for use in a coal mine which is falsely represented to be in compliance with the provisions of the Act.

(7) Provides for limited pay guarantees to miners idled by a withdrawal order.

(8) Prohibits the discharge or other discrimination against a miner for exercising rights under the Act.

TITLE II—INTERIM MANDATORY HEALTH STANDARDS

(1) Establishes interim mandatory health standards effective six months after the date of enactment of the Act.

(2) Requires each operator to take accurate samples of the amount of respirable dust in the mine atmosphere. The samples are transmitted to the Secretary and analyzed and recorded by him.

(3) Establishes a 3.0 milligram per cubic meter of air (mg/m^3) dust standard effective six months after enactment. Extensions of time to comply with the standard (permits for noncompliance) may be granted by the Panel (established by section 5) for a period not to exceed twelve months from the effective date of the standard.

(4) Establishes a 2.0 mg/m^3 dust standard effective three years after enactment, but the Panel may grant permits for noncompliance to an operator for a period not to exceed three additional years from the effective date of the standard.

(5) The Secretary of Health, Education, and Welfare has the continuing authority, beginning one year after enactment, to further reduce the dust standard below the levels established by the Act to levels which will prevent new incidences of respiratory disease and the further development of such disease in any person.

(6) Each operator shall cooperate with the Secretary of Health, Education, and Welfare in making a chest x-ray available to each miner within eighteen months after enactment, again three years later, and at such subsequent intervals determined by the Secretary of Health, Education, and Welfare but not to exceed every five years. Each worker who begins work in a coal mine for the first time shall be given a chest x-ray at the commencement of his employment and again three years later. If the second x-ray shows evidence of the development of pneumoconiosis, the worker shall be given an additional x-ray two years later. The x-rays may be supplemented by other tests deemed necessary by the Secretary of Health, Education, and Welfare. The Secretary of Health, Edu-

cation, and Welfare is also responsible for reading, classifying, and recording all results of x-rays and other medical tests.

(7) Any miner who shows evidence of the development of pneumoconiosis shall be afforded the option of transferring from his position to another position in any area of the mine where the respirable dust concentration is not more than 2.0 mg/m³. Effective three years after enactment, the option of transfer shall be to an area of the mine where such concentration is not more than 1.0 mg/m³, or if such level of concentration is not attainable in the mine, to an area where the concentration is the lowest attainable below 2.0 mg/m³. Any miner so transferred shall not receive less than the regular rate of pay received by him immediately prior to transfer.

(8) Incorporates the noise standard prescribed under the Walsh-Healey Public Contracts Act, and provides authority to the Secretary of Health, Education, and Welfare to improve upon such standard.

TITLE III—INTERIM MANDATORY SAFETY STANDARDS FOR UNDERGROUND COAL MINES

(1) Establishes interim mandatory safety standards effective three months after the date of enactment of the Act.

(2) Establishes detailed requirements to provide for safer working conditions in underground coal mines. These include requirements with regard to roof support, ventilation, combustible materials and rock dusting, electrical equipment, trailing cables, grounding, underground high-voltage distribution, underground low- and medium-voltage alternating current circuits, trolley and trolley feeder wires, fire protection, maps, blasting and explosives, hoisting and mantrips, emergency shelters, communications, escapeways, and other miscellaneous matters.

(3) Establishes requirements for the use of permissible equipment in all underground coal mines. Requires that all electric face equipment at gassy mines and all such small equipment at all mines be permissible within 15 months after enactment. It is also required that, in the case of mines not previously classified as gassy which are below the watertable, such large equipment must be permissible in 15 months, but the Panel may grant extensions of time (permits for noncompliance) of not to exceed in the aggregate an additional 33 months if the Panel determines, based on specified criteria, that the operator is unable to comply with the permissibility requirements because of unavailability of permissible equipment. In the case of such mines which are located entirely above the watertable, it is required that such large equipment be permissible within 51 months after enactment but the Panel may grant extensions of not to exceed 2 additional years on a mine-by-mine basis because of unavailability of such equipment.

TITLE IV—BLACK LUNG BENEFITS

(1) Provides for the payment of benefits for death or total disability due to pneumoconiosis.

(2) Coal miners and former coal miners who are totally disabled due to pneumoconiosis will receive benefits at a rate equal to 50 percent of the minimum monthly payment to which a disabled Federal employee in Grade GS–2 would be entitled at the time of payment. This represents approximately $136 per month. Widows of coal miners and former coal miners whose deaths are due to pneumoconiosis or whose deaths occurred while receiving total disability benefits, receive benefits at the rate prescribed for totally disabled miners. The rates prescribed above are increased for dependents at the rate of 50 percent for one dependent (widow or child), 75 percent for two dependents, and 100 percent for three or more dependents. The benefits for miners and widows will be reduced on account of payments under the workmen's compensation, unemployment compensation, or disability insurance laws of the State and, in the case of miners only, on account of excess earnings, as provided under the Social Security Act for benefits payable under that Act.

(3) The following presumptions are used in determining entitlement:

A. If a miner who is suffering from pneumoconiosis was employed for 10 years or more in an underground coal mine, there will be a rebuttable presumption that the pneumoconiosis arose out of such employment.

B. If a miner worked ten years in such a mine and died of a respirable disease, there will be a rebuttable presumption that his death was due to pneumoconiosis.

C. If a miner is suffering from or dies from an advanced irreversible stage of pneumoconiosis, it will be irrebutably presumed his death or total disability was due to pneumoconiosis.

(4) Claims filed before December 31, 1972, will be processed by the Secretary of Health, Education, and Welfare in a manner similar to that he uses for processing claims for disability under the Social Security Act. If the claim is filed after December 31, 1971, benefits under that claim may be paid only until January 1, 1973. Claims filed on or after January 1, 1973, will be processed under the appropriate State workmen's compensation law if the Secretary of Labor has determined it has adequate coverage for pneumoconiosis. He will, generally speaking, determine a State law to have adequate coverage for pneumoconiosis if the cash benefits under such law and the criteria for determining eligibility are not less favorable to the claimant than those applicable to claims filed before January 1, 1973. Where the applicable State workmen's compensation law does not provide adequate coverage for pneumoconiosis, the persons entitled to benefits will have their claims processed (so far as applicable) under the terms of the Longshoremen's and Harbor Workers' Compensation Act.

(5) In the case of claims filed on or after January 1, 1973, no payments of benefits may be made after seven years after the date of enactment of the Act.

TITLE V—ADMINISTRATION

(1) Provides authorization for appropriations for health and safety research to be carried out by the Secretary of Health, Education, and Welfare and the Secretary, respectively.

(2) Requires the Secretary to expand programs for the education and training of operators, agents thereof, and miners in accident-control, healthful working conditions, and in the use of coal mining equipment and techniques.

(3) Provides for economic assistance to any small business concern operating a coal mine to meet the requirements imposed by the Act. Such assistance shall be given by the Small Business Administration.

(4) Specifies qualifications and training requirements for employees of the Secretary; particularly inspectors.

The SPEAKER. The gentleman yields back 4½ minutes.

Mr. PERKINS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Ohio (Mr. HAYS).

Mr. HAYS. Mr. Speaker, I have not spoken on this bill before although I represent most of the coal mining area in Ohio and practically all of the deep coal mining area. I was born in a little town that became a coal mining center about the time that I was in kindergarten. The first funeral that I ever attended was a double funeral, you might say—a Catholic mass in the morning and a Protestant funeral in the afternoon when the teacher took the whole first grade to the funerals of the fathers of two of our classmates. I have lived with that kind of a danger to the people who are my neighbors and friends all of my life.

Now, Ohio has a pretty fair mine safety law. I had something to do with the first one when I was in the State senate, but I do not believe the argument of the gentleman from Iowa that if the States do not do it, we should not do it, which he seems to imply. I think we ought to do this and I think this bill ought to pass. I do not think it ought to be recommitted and I think that not only the coal miners and their families do not think so, but I do not think anyone in Ohio thinks so.

Mr. Speaker, I want to congratulate the chairman (Mr. PERKINS) and the chairman of the subcommittee (Mr. DENT) as well as the members of the subcommittee and the conference committee. I think they have done the best job they could in a very difficult situation. I think it is a job that will be good for people and good for all Americans. I hope we pass this bill here tonight.

Mr. PERKINS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. I thank the gentleman from Kentucky for yielding to me.

Mr. Speaker, as one of the cosponsors of a bill which was considered—and I think all of my colleagues from the State of West Virginia introduced similar bills because they knew the importance of this subject—I remember in 1952 when we had this bill on the floor, the mine safety bill, I made the remark that the time for dilly-dallying was strictly past. And, Mr. Speaker, I say that tonight, the time for dilly-dallying about this bill is now over.

This bill should not be recommitted because it is fraught with danger if it is recommitted. It may not come back to this floor. Further, I believe exactly what has been said here to the effect that if it is not passed before we go home, you are not going to find many coal miners working in this Nation by next week.

Mr. Speaker, I wish to take this opportunity to congratulate the distinguished gentleman from Kentucky, the chairman of the full committee, the distinguished gentleman from Pennsylvania (Mr. DENT), chairman of the subcommittee and all members of the Committee on Education and Labor and others who have had a part in bringing this legislation to the floor.

Mr. Speaker, I am speaking for all Members of the West Virginia delegation when I say this.

That we hope that this bill will not be recommitted but will be passed overwhelmingly.

Mr. PERKINS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Pennsylvania (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Speaker, this is a magnificent piece of legislation. It is strong and effective in its terms. It is a tribute to the initiative and hard work of Congress, and particularly my good friends the gentleman from Kentucky (Mr. PERKINS) who so ably chairs the full committee, the gen-

tleman from Pennsylvania (Mr. DENT) who chairs the subcommittee and so eloquently addressed the House earlier this evening, and the gentleman from California (Mr. BURTON), who played a major role in fashioning the compensation features of the bill along with the gentleman from New Jersey (Mr. DANIELS).

This bill was drafted in Congress, it originated in Congress, it was perfected in Congress, and the tougher provisions of the bill all came as a result of the insistence of Congress. Had the Congress followed the advice of the executive branch, this would have been a milk and water piece of legislation instead of a brick and mortar piece of legislation. Had the Congress followed the advice of the executive branch, there would have been little protection for the health and safety of the coal mines of this Nation.

That is why it is passing strange that we should suddenly at the 11th hour, at 1 minute before midnight, have unveiled to us a letter of opposition to this bill from the Secretary of Labor. Even more startling is the threat of a Presidential veto which has emanated from the minority side. The White House had no part in initiating or framing this landmark legislation. Every action taken by the White House during the consideration of this legislation was in the form of trying to weaken, delay or eliminate provisions for the protection of the coal miners. Now it ill behooves the President and a member of the President's Cabinet to send messages here at the last minute in an effort to stall or kill this legislation.

The major drive for this legislation began immediately after the tragic fire and explosions at Consol No. 9 Mine in Farmington, W. Va., resulting in the deaths of 78 miners on November 20, 1968. Passage of this legislation is a fitting monument to the memory of the 78 miners who lost their lives at Farmington. Their widows have waited 13 months since Farmington for the passage of this legislation. Everyone would acknowledge that without that tragic accident, we would not even be considering mine health and safety legislation this year. Therefore, in tribute to these men, I hope the President will invite to the signing of this landmark legislation the widows of the 78 coal miners who died at Farmington.

We have heard many references tonight to the dignity of the House of Representatives. We have also heard references to the rights of the States. But what about the dignity and rights of the coal miners working in the pits, the thousands who are suffering from black lung, the thousands who have been crippled in mine accidents, the widows and families left behind when the breadwinner is killed in the most hazardous occupation in the world? The last comprehensive mine safety law was passed in 1952. The miners have waited for 17 years. Let us not nitpick any further. I say this because I agree with those who state that if Congress does not act before Christmas, there will be a major strike in the coalfields.

There is a major challenge ahead in the manner in which this legislation is administered and enforced. Congress has provided a sturdy framework for action, but if the administrative agencies charged with administering this law are timid in their approach toward enforcement, the dangers to the health and safety of coal miners will increase. I am frank to state that one of the major reasons I became disenchanted with the top leadership of the United Mine Workers of America was the fact that down through the years they have exerted very little initiative and pressure toward improving the safety laws or regulations. Furthermore, even after the Farmington disaster, the top leadership of the United Mine Workers of America bluntly stated that in their judgment it would not be possible to enact any health protection or coal dust standard for the miners this year. Later, they took the same timid approach toward the enactment of compensation for victims of black lung. For a long time, they clung to the obviously gaping loophole provided by the Federal Coal Mine Safety Board of Review. These facts are a matter of record. It took the pressure of the candidacy of Joseph A. Yablonski to awaken the leadership of the United Mine Workers of America to their legislative responsbilities to the coal miners, and then the old leadership began to wake up and become more active.

Now that the election of December 9 is a thing of the past, the real question is whether President W. A. Boyle and the leadership of the United Mine Workers of America intend to insist on a strict enforcement of this law for the benefit of the coal miners, or whether they will in a self-satisfied fashion lapse back into their cozy relationship with the coal operators and interpret the election results as a mandate for inaction. I honestly feel that the strength of the pending legislation will depend not only on the vigor with which the administrative agencies proceed with enforcement, but also on the degree to which the United Mine Workers of America from top to bottom keeps a vigilant watch on the manner in which this legislation is administered. They must beef up their safety staff, they must beef up their legal staff, and insure that the health and safety of every coal miner receives maximum protection under the law.

Mr. BURTON of Utah. Mr. Speaker, the health and safety of over 144,000 Americans is riding with us on the vote we are about to take. These Americans are coal miners—citizens who live with danger each day of their lives. They are badly in need of help—help which we can give them through the legislation we are debating new.

In addition to detailed safety standards, this legislation prescribes health standards which place limits on the amount of coal dust permitted in the mine atmosphere—something that will curb what is known as black lung disease.

This legislation will provide payments for retired and active miners who now have an advanced stage of this horrible disease; and will provide benefits to surviving dependents of miners whose death was due to such a disease.

The mines in my State of Utah—as well as mines anywhere in the United States—would be inspected by a Federal mine inspector at least four times a year; and if any of these mines are found to be in a dangerous condition, the inspector would have the authority to order the mine workers withdrawn until the danger is eliminated.

Miners in my district have been discouraged by the lack of legislation in previous years, and while this bill does not contain all the provisions I would hope it would, still it is the best that our mining experts have been able to come up with to enable this House and the other body to form some sort of agreement.

Mr. RYAN. Mr. Speaker, this Congress is about to send to the desk of the President for signature, the coal mine health and safety bill which in a virtual single motion lifts the miners of this Nation and their families into the 20th century in terms of safety regulations and health benefits.

My distinguished colleague from California (Mr. BURTON), though his district is most remote from any mine, saw in the plight of the sufferers from the dread black lung disease and in the plight of their widows and children, a national problem, a national disgrace, to which there must be provided a national solution. The invaluable and unswerving support of Congressman JOHN DENT as subcommittee chairman, as well as the support of many of our colleagues from the coal mining areas and others has brought this problem to national attention and now to the threshold of national solution. I am pleased to participate in this effort.

It would be difficult to pinpoint in time the specific moment PHIL BURTON came to grapple with this issue. Certainly, his knowledge and concern did not stem from any pressing need with which he could be personally aware in his metropolitan district in San Francisco. Yet, I know that for many, many months now, PHIL BURTON has tirelessly and ceaselessly led a creative and determined fight to bring the black lung benefit issue through committee, to this floor, through conference and back to this floor from whence it will almost certainly be passed on to the President for signature.

I know that others in the course of the debate on this measure have cited PHIL's valuable contribution. I know also that his role has been noted in editorials in both the New York Times and the Charleston, W. Va., Gazette. I would, however, be remiss if I did not cite for the RECORD at this time, this example of PHIL BURTON's deeply imbedded concern for humanity which coupled with his skill and perserverance has not only awakened the conscience of this Nation to the problem of the black lung disease but has successfully moved us along a course which will compensate to some degree those who suffer and will also establish health standards to see to it that the number of those who suffer from this disease does not grow.

I am inserting in the RECORD at this time, the text of the editorial of the New York Times of October 31, 1969, entitled, "Landmark in Mine Safety," and the

text of the editorial from the Charleston, W. Va., Gazette of November 13, 1969, entitled, "Mining on Way to Civilization":

[From the New York Times, Oct. 31, 1969]

LANDMARK IN MINE SAFETY

Like the Triangle Shirtwaist fire of 1911 in this city, the mine explosion that killed 78 men in Farmington, W. Va., a year ago will go down as a turning point in the nation's progress toward industrial safety. That place in history was assured with the passage by the House of Representatives this week of a mine health and safety bill even stronger than the far-reaching one already approved by the Senate.

Mining will never be an unhazardous occupation; no law could accomplish that miracle. But the House bill goes far toward reducing the dangers and guaranteeing reasonable compensation to those disabled by their work underground. The conference committee should have a relatively easy task of reconciling the two versions now that both chambers have made clear their refusal to be sidetracked by the once omnipotent industry lobbyists.

Special credit for the excellent outcome in the House belongs to Representatives John H. Dent of Pennsylvania, Phillip Burton of California and Ken Hechler of West Virginia. Thanks to their efforts and to the tragic death of the 78 Farmington miners, a century of underprotection for the men of the coal fields is about to be remedied.

[From the Charleston Gazette, Nov. 13, 1969]

MINING ON WAY TO CIVILIZATION

Excavating coal from the bowels of the earth will never be a hazard free occupation. But the chances for physical injury on the job and the menace to health caused by constant exposure underground to dust will be substantially reduced, once the mine safety legislation fashioned in the 92nd Congress has been sent along to President Nixon for his signature.

The House of Representatives and the Senate should have no difficulty resolving differences on a mine bill that arose, contends The New York Times, out of last year's disaster killing 78 West Virginia miners. Like the Triangle Shirt Waist Fire of 1911 in New York City, The Times says Farmington's tragedy "will go down as a turning point in the nation's progress toward industrial safety."

Special credit for the legislation must be bestowed upon the following congressmen: Rep. John H. Dent of Pennsylvania, Phillip Burton of California, and West Virginia's Ken Hechler, all Democrats. "Thanks to their efforts . . ." observes The Times, "a century of under-protection for the men of the coal fields is about to be remedied."

Hechler and Dent represent coal mining constituencies, and despite the fact that automation has radically cut the size of the work force in the nation's coal fields, miners still outnumber coal operators; therefore, it might have been expected that these two lawmakers would have fought hard on behalf of reform legislation—although many congressmen from coal districts took no part in formulating an effective bill for fear of making enemies. Rep. Burton, however, has neither coal miners nor coal diggers in his district. His effort to civilize an industry that has needed to be civilized for decades was strictly a matter of conscience.

The main point, of course, is that at long, long last the American miner is on the threshold of being protected by law in a manner somewhat commensurate with his constant contribution to the energy requirements of his country.

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

The previous question was ordered.

The SPEAKER. The question is on the conference report.

MOTION TO RECOMMIT OFFERED BY MR. ERLENBORN

Mr. ERLENBORN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. ERLENBORN. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ERLENBORN moves to recommit the conferences report on the bill S. 2917 to the committee on conference with instructions to the managers on the part of the House to insist upon the position of the House with respect to section 110(B) of the bill as passed by the House of Representatives.

Mr. PERKINS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

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 83, nays 259, not voting 91, as follows:

[Roll No. 335]

YEAS—83

Adair	Esch	Mathias
Anderson, Ill.	Ford, Gerald R.	May
Arends	Foreman	Mayne
Ashbrook	Frelinghuysen	Meskill
Ayres	Frey	Michel
Belcher	Goldwater	Minshall
Betts	Goodling	Mizell
Blackburn	Gross	Morton
Bow	Grover	Nelsen
Brinkley	Gubser	Poff
Brock	Hammer-schmidt	Price, Tex.
Brown, Mich.	Hutchinson	Quie
Brown, Ohio	King	Railsback
Bush	Kleppe	Robison
Byrnes, Wis.	Kuykendall	Roth
Clancy	Kyl	Ruth
Clawson, Del	Landgrebe	Scherle
Collier	Langen	Scott
Collins	Lloyd	Steiger, Wis.
Conable	Lukens	Teague, Calif.
Cramer	McClory	Thompson, Ga.
Crane	McClure	Thomson, Wis.
Davis, Wis.	McCulloch	Vander Jagt
Dennis	McDonald, Mich.	Wiggins
Derwinski	MacGregor	Wold
Devine	Mailliard	Wydler
Dickinson	Mann	Wylie
Edwards, Ala.		
Erlenborn		

NAYS—259

Abernethy	Burton, Calif.	Dulski
Addabbo	Burton, Utah	Duncan
Albert	Button	Eckhardt
Alexander	Byrne, Pa.	Edmondson
Anderson, Calif.	Cabell	Edwards, La.
Andrews, N. Dak.	Caffery	Eilberg
Annunzio	Camp	Eshleman
Ashley	Carey	Evans, Colo.
Aspinall	Carter	Farbstein
Beall, Md.	Casey	Feighan
Bell, Calif.	Chamberlain	Findley
Bennett	Clark	Fish
Bevill	Clay	Fisher
Biaggi	Cleveland	Flood
Biester	Cohelan	Flowers
Bingham	Colmer	Foley
Blatnik	Conte	Ford, William D.
Boland	Corbett	Fountain
Brademas	Culver	Fraser
Brasco	Daddario	Friedel
Bray	Daniel, Va.	Fulton, Pa.
Broomfield	Daniels, N.J.	Fuqua
Brotzman	Davis, Ga.	Galifianakis
Brown, Calif.	de la Garza	Garmatz
Broyhill, N.C.	Dent	Gaydos
Burke, Fla.	Diggs	Gettys
Burke, Mass.	Dingell	Giaimo
Burleson, Tex.	Donohue	Gibbons
Burlison, Mo.	Dorn	Gilbert
	Dowdy	Gonzalez
	Downing	Gray
	Green, Pa.	Griffin
	Griffiths	Gude
	Hagan	Haley
	Halpern	Hamilton
	Hanley	Hansen, Idaho
	Hansen, Wash.	Harrington
	Harsha	Harvey
	Hathaway	Hawkins
	Hays	Hechler, W. Va.
	Helstoski	Henderson
	Hicks	Hogan
	Holifield	Horton
	Howard	Hull
	Hungate	Hunt
	Jacobs	Jarman
	Johnson, Calif.	Johnson, Pa.
	Jones, Ala.	Jones, N.C.
	Jones, Tenn.	Karth
	Kastenmeier	Kazen
	Kee	Keith
	Kluczynski	Koch
	Kyros	Latta
	Leggett	Long, Md.
	Lowenstein	Lujan
	McCarthy	McDade
	McEwen	McFall
	McKneally	Macdonald, Mass.
	Madden	Mahon
	Marsh	Matsunaga
	Meeds	Melcher
	Mikva	Miller, Calif.
	Miller, Ohio	Minish
	Mink	Mize
	Mollohan	Monagan
	Montgomery	Moorhead
	Morgan	Morse
	Murphy, Ill.	Murphy, N.Y.
	Myers	Natcher
	Nedzi	Nichols
	Nix	Obey
	O'Hara	O'Konski
	Olsen	O'Neal, Ga.
	O'Neill, Mass.	Ottinger
	Passman	Patten
	Pepper	Perkins
	Pettis	Philbin
	Pickle	Pike
	Pirnie	Pollock
	Preyer, N.C.	Price, Ill.
	Pryor, Ark.	Pucinski
	Purcell	Quillen
	Randall	Rarick
	Reid, Ill.	Reid, N.Y.
	Reifel	Reuss
	Rhodes	Riegle
	Rodino	Roe
	Rogers, Fla.	Rooney, Pa.
	Rosenthal	Rostenkowski
	Roudebush	Roybal
	Ruppe	Ryan
	St Germain	St. Onge
	Sandman	Satterfield
	Saylor	Schadeberg
	Scheuer	Schneebeli
	Schwengel	Shipley
	Shriver	Skubitz
	Slack	Smith, Iowa
	Snyder	Springer
	Stafford	Staggers
	Steiger, Ariz.	Stephens
	Stokes	Stratton
	Stubblefield	Stuckey
	Symington	Talcott
	Taylor	Thompson, N.J.
	Tiernan	Udall
	Vanik	Vigorito
	Waggonner	Waldie
	Wampler	Watkins
	Watson	Watts
	Whalen	White
	Wolff	Wyatt
	Wyman	Yatron
	Young	Zablocki
	Zion	Zwach

NOT VOTING—91

Abbitt	Evins, Tenn.	Rivers
Adams	Fallon	Roberts
Anderson, Tenn.	Fascell	Rogers, Colo.
Andrews, Ala.	Flynt	Rooney, N.Y.
Baring	Fulton, Tenn.	Sebelius
Barrett	Gallagher	Sikes
Berry	Green, Oreg.	Sisk
Blanton	Hall	Smith, Calif.
Boggs	Hanna	Smith, N.Y.
Bolling	Hastings	Stanton
Brooks	Hébert	Steed
Broyhill, Va.	Heckler, Mass.	Sullivan
Buchanan	Hosmer	Taft
Cahill	Ichord	Teague, Tex.
Cederberg	Jonas	Tunney
Celler	Kirwan	Ullman
Chappell	Landrum	Utt
Chisholm	Lennon	Van Deerlin
Clausen, Don H.	Lipscomb	Weicker
Conyers	Long, La.	Whalley
Corman	McCloskey	Whitehurst
Coughlin	McMillan	Whitten
Cowger	Martin	Widnall
Cunningham	Mills	Williams
Dawson	Mosher	Wilson, Bob
Delaney	Moss	Wilson, Charles H.
Dellenback	Patman	Winn
Denney	Pelly	Wright
Dwyer	Poage	Yates
Edwards, Calif.	Podell	
	Powell	
	Rees	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Sisk with Mr. Smith of California.
Mrs. Green of Oregon with Mrs. Dwyer.
Mr. Delaney with Mr. Widnall.
Mr. Rooney of New York with Mr. Bob Wilson.
Mr. Mills with Mr. Jonas.
Mr. Ichord with Mr. Cederberg.
Mr. Rivers with Mr. Hall.

Mr. Boggs with Mr. Martin.
Mr. Barrett with Mr. Mosher.
Mr. Rogers of Colorado with Mr. Cahill.
Mr. Blanton with Mr. Taft.
Mr. Tunney with Mr. Utt.
Mr. Fallon with Mr. Weicker.
Mr. Hébert with Mr. Williams.
Mr. Poage with Mr. Denney.
Mr. Moss with Mr. Cowger.
Mr. Abbitt with Mr. Pelly.
Mr. Corman with Mr. Lipscomb.
Mrs. Sullivan with Mrs. Heckler of Massachusetts.
Mr. Sikes with Mr. Smith of New York.
Mr. Steed with Mr. Cunningham.
Mr. Fascell with Mr. Coughlin.
Mr. Evins of Tennessee with Mr. Broyhill of Virginia.
Mr. Adams with Mr. Hosmer.
Mr. McMillan with Mr. Don H. Clausen.
Mr. Andrews with Mr. Whitehurst.
Mr. Anderson of Tennessee with Mr. Winn.
Mr. Brooks with Mr. Stanton.
Mr. Baring with Mr. Berry.
Mr. Celler with Mr. Dellenback.
Mr. Flynt with Mr. Buchanan.
Mr. Podell with Mr. McCloskey.
Mr. Chappell with Mr. Whalley.
Mr. Edwards of California with Mr. Conyers.
Mr. Fulton of Tennessee with Mr. Rees.
Mr. Yates with Mrs. Chisholm.
Mr. Hanna with Mr. Dawson.
Mr. Landrum with Mr. Lennon.
Mr. Long of Louisiana with Mr. Patman.
Mr. Roberts with Mr. Whitten.
Mr. Wright with Mr. Ullman.
Mr. Kirwan with Mr. Dorn.

Messrs. MADDEN, CABELL, and STEPHENS changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

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 334, nays 12, not voting 87, as follows:

[Roll No. 336]

YEAS—334

Abernethy	Burlison, Mo.	Downing
Adair	Burton, Calif.	Dulski
Addabbo	Burton, Utah	Duncan
Albert	Bush	Eckhardt
Alexander	Button	Edmondson
Anderson, Calif.	Byrne, Pa.	Edwards, Ala.
	Byrnes, Wis.	Edwards, La.
Anderson, Ill.	Cabell	Eilberg
Andrews, N. Dak.	Caffery	Eshleman
	Camp	Evans, Colo.
Annunzio	Carey	Farbstein
Arends	Carter	Feighan
Ashley	Casey	Findley
Aspinall	Chamberlain	Fish
Ayres	Clancy	Fisher
Beall, Md.	Clark	Flood
Belcher	Clawson, Del	Flowers
Bell, Calif.	Clay	Foley
Bennett	Cleveland	Ford, Gerald R.
Betts	Cohelan	Ford, William D.
Bevill	Collier	
Biaggi	Colmer	Foreman
Biester	Conable	Fountain
Bingham	Conte	Fraser
Blackburn	Corbett	Frelinghuysen
Blatnik	Cramer	Frey
Boland	Crane	Friedel
Bow	Culver	Fulton, Pa.
Brademas	Daddario	Fuqua
Brasco	Daniel, Va.	Galifianakis
Bray	Daniels, N.J.	Gallagher
Brinkley	Davis, Ga.	Garmatz
Broomfield	de la Garza	Gaydos
Brotzman	Dent	Gettys
Brown, Calif.	Derwinski	Giaimo
Brown, Mich.	Devine	Gibbons
Brown, Ohio	Dickinson	Gilbert
Broyhill, N.C.	Diggs	Goldwater
Burke, Fla.	Dingell	Gonzalez
Burke, Mass.	Donohue	Goodling
Burleson, Tex.	Dowdy	Gray
Green, Pa.	MacGregor	Rodino
Griffin	Madden	Roe
Griffiths	Mahon	Rogers, Fla.
Grover	Mailliard	Rooney, Pa.
Gubser	Mann	Rosenthal
Gude	Marsh	Rostenkowski
Hagan	Mathias	Roth
Haley	Matsunaga	Roudebush
Halpern	May	Roybal
Hamilton	Mayne	Ruppe
Hammer-schmidt	Meeds	Ruth
	Melcher	Ryan
Hanley	Meskill	St Germain
Hansen, Idaho	Michel	St. Onge
Hansen, Wash.	Mikva	Sandman
Harrington	Miller, Calif.	Satterfield
Harsha	Miller, Ohio	Saylor
Harvey	Minish	Schadeberg
Hastings	Mink	Scheuer
Hathaway	Minshall	Schneebeli
Hawkins	Mize	Schwengel
Hays	Mizell	Sebelius
Hechler, W. Va.	Mollohan	Shipley
Helstoski	Monagan	Shriver
Henderson	Montgomery	Skubitz
Hicks	Moorhead	Slack
Hogan	Morgan	Smith, Iowa
Holifield	Morse	Snyder
Horton	Morton	Springer
Howard	Murphy, Ill.	Stafford
Hull	Murphy, N.Y.	Staggers
Hungate	Myers	Steiger, Ariz.
Hunt	Natcher	Steiger, Wis.
Hutchinson	Nedzi	Stephens
Jacobs	Nelsen	Stokes
Jarman	Nichols	Stratton
Johnson, Calif.	Nix	Stubblefield
Johnson, Pa.	Obey	Stuckey
Jones, Ala.	O'Hara	Symington
Jones, N.C.	O'Konski	Talcott
Jones, Tenn.	Olsen	Taylor
Karth	O'Neal, Ga.	Teague, Calif.
Kastenmeier	O'Neill, Mass.	Teague, Tex.
Kazen	Ottinger	Thompson, Ga.
Kee	Passman	Thompson, N.J.
Keith	Patten	Thomson, Wis.
King	Pepper	Tiernan
Kleppe	Perkins	Udall
Kluczynski	Pettis	Vander Jagt
Koch	Philbin	Vanik
Kuykendall	Pickle	Vigorito
Kyl	Pike	Waggonner
Kyros	Pirnie	Waldie
Langen	Poff	Wampler
Latta	Pollock	Watkins
Leggett	Preyer, N.C.	Watson
Lloyd	Price, Ill.	Watts
Long, Md.	Price, Tex.	Whalen
Lowenstein	Pryor, Ark.	White
Lujan	Pucinski	Wilson, Charles H.
Lukens	Purcell	
McCarthy	Quie	Wold
McClory	Quillen	Wolff
McClure	Railsback	Wyatt
McCulloch	Randall	Wydler
McDade	Rarick	Wylie
McDonald, Mich.	Reid, Ill.	Wyman
	Reid, N.Y.	Yatron
McEwen	Reifel	Young
McFall	Reuss	Zablocki
McKneally	Rhodes	Zion
Macdonald, Mass.	Riegle	Zwach
	Robison	

NAYS—12

Ashbrook	Dennis	Landgrebe
Brock	Erlenborn	Scherle
Collins	Esch	Scott
Davis, Wis.	Gross	Wiggins

NOT VOTING—87

Abbitt	Cunningham	Long, La.
Adams	Dawson	McCloskey
Anderson, Tenn.	Delaney	McMillan
	Dellenback	Martin
Andrews, Ala.	Denney	Mills
Baring	Dorn	Mosher
Barrett	Dwyer	Moss
Berry	Edwards, Calif.	Patman
Blanton	Evins, Tenn.	Pelly
Boggs	Fallon	Poage
Bolling	Fascell	Podell
Brooks	Flynt	Powell
Broyhill, Va.	Fulton, Tenn.	Rees
Buchanan	Green, Oreg.	Rivers
Cahill	Hall	Roberts
Cederberg	Hanna	Rogers, Colo.
Celler	Hébert	Rooney, N.Y.
Chappell	Heckler, Mass.	Sikes
Chisholm	Hosmer	Sisk
Clausen, Don H.	Ichord	Smith, Calif.
	Jonas	Smith, N.Y.
Conyers	Kirwan	Stanton
Corman	Landrum	Steed
Coughlin	Lennon	Sullivan
Cowger	Lipscomb	Taft
Tunney	Whalley	Wilson, Bob
Ullman	Whitehurst	Winn
Utt	Whitten	Wright
Van Deerlin	Widnall	Yates
Weicker	Williams	

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Sisk with Mr. Smith of California.
Mrs. Green of Oregon with Mrs. Dwyer.
Mr. Delaney with Mr. Widnall.
Mr. Rooney of New York with Mr. Bob Wilson.
Mr. Mills with Mr. Jonas.
Mr. Ichord with Mr. Cederberg.
Mr. Rivers with Mr. Hall.
Mr. Boggs with Mr. Martin.
Mr. Barrett with Mr. Mosher.
Mr. Rogers of Colorado with Mr. Cahill.
Mr. Blanton with Mr. Taft.
Mr. Tunney with Mr. Utt.
Mr. Fallon with Mr. Weicker.
Mr. Hébert with Mr. Williams.
Mr. Poage with Mr. Denney.
Mr. Moss with Mr. Cowger.
Mr. Abbitt with Mr. Pelly.
Mr. Corman with Mr. Lipscomb.
Mrs. Sullivan with Mrs. Heckler of Massachusetts.
Mr. Sikes with Mr. Smith of New York.
Mr. Steed with Mr. Cunningham.
Mr. Fascell with Mr. Coughlin.
Mr. Evins of Tennessee with Mr. Broyhill of Virginia.
Mr. Adams with Mr. Hosmer.
Mr. McMillan with Mr. Don H. Clausen.
Mr. Andrews with Mr. Whitehurst.
Mr. Anderson of Tennessee with Mr. Winn.
Mr. Brooks with Mr. Stanton.
Mr. Baring with Mr. Berry.
Mr. Celler with Mr. Dellenback.
Mr. Flynt with Mr. Buchanan.
Mr. Podell with Mr. McCloskey.
Mr. Chappell with Mr. Whalley.
Mr. Edwards of California with Mr. Conyers.
Mr. Fulton of Tennessee with Mr. Rees.
Mr. Yates with Mrs. Chisholm.
Mr. Hanna with Mr. Teague of Texas.
Mr. Landrum with Mr. Lennon.
Mr. Long of Louisiana with Mr. Patman.
Mr. Roberts with Mr. Whitten.
Mr. Wright with Mr. Ullman.
Mr. Kirwan with Mr. Hastings.
Mr. Gallagher with Mr. Sebelius.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks and include extraneous matter in connection with the conference report on mine safety.

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

There was no objection.

DEPARTMENT OF DEFENSE APPROPRIATIONS—CONFERENCE REPORT

Mr. MAHON submitted the following conference report and statement on the bill (H.R. 15090) making appropriations for the Department of Defense for the fiscal year ending June 30, 1970, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 91-766)

The Committee of Conference on the disagreeing votes of the two Houses on the Amendments of the Senate to the bill (H.R.

15090) "making appropriations for the Department of Defense for the fiscal year ending June 30, 1970, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its amendments numbered 5, 7, 9, 17 and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 6, 13, 14, 15, 16, 19, 30, and 32, and agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$6,445,900,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$39,000,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,620,000,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,490,300,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,484,600,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,405,800,000"; and the Senate agree to the same.

Amendment numbered 35: That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,596,820,000"; and the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,186,400,000"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,060,600,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 8, 10, 11, 20, 22, 24, 26, 27, 29, 31, 33, 34, 36, 38, 40, 41, 43 and 44.

GEORGE MAHON,
ROBERT L. F. SIKES,
JAMIE L. WHITTEN,
GEORGE W. ANDREWS,
DANIEL J. FLOOD,
JOHN M. SLACK,
JOSEPH P. ADDABBO,
GLENARD P. LIPSCOMB,
WILLIAM E. MINSHALL,
JOHN J. RHODES,
GLENN R. DAVIS,
FRANK T. BOW,
Managers on the Part of the House.

RICHARD B. RUSSELL,
JOHN MCCLELLAN,
ALLEN J. ELLENDER,
JOHN STENNIS,
HENRY M. JACKSON,
MILTON R. YOUNG,
MARGARET CHASE SMITH,
GORDON ALLOTT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15090) making appropriations for the Department of Defense for the fiscal year ending June 30, 1970, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TITLE I—MILITARY PERSONNEL

Military personnel, Army

Amendment No. 1: Appropriates $8,107,000,000 as proposed by the Senate instead of $8,312,000,000 as proposed by the House.

Military personnel, Navy

Amendment No. 2: Appropriates $4,368,400,000 as proposed by the Senate instead of $4,370,000,000 as proposed by the House.

Military personnel, Air Force

Amendment No. 3: Appropriates $5,823,000,000 as proposed by the Senate instead of $5,835,300,000 as proposed by the House.

Reserve personnel, Army

Amendment No. 4: Appropriates $306,700,000 as proposed by the Senate instead of $308,000,000 as proposed by the House.

Reserve personnel, Navy

Amendment No. 5: Appropriates $131,400,000 as proposed by the House instead of $127,900,000 as proposed by the Senate.

Reserve personnel, Air Force

Amendment No. 6: Appropriates $81,200,000 as proposed by the Senate instead of $83,400,000 as proposed by the House.

TITLE III—OPERATION AND MAINTENANCE

Operation and maintenance, Army

Amendment No. 7: Appropriates $7,214,447,250 as proposed by the House instead of $7,185,841,000 as proposed by the Senate.

In agreeing to the financing of International Military Headquarters from Defense appropriations, the conferees require that the Director of the Bureau of the Budget conduct a study to determine where these functions should be provided for in future budgets.

The conferees direct that the Tactical Automatic Digital Switching System and the Random Access Digital Address System of the Army be discontinued immediately.

Amendment No. 8: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment.

Operation and maintenance, Navy

Amendment No. 9: Appropriates $5,037,300,000 as proposed by the House instead of $5,129,200,000 as proposed by the Senate.

The conferees are in agreement that the fixed-wing training of helicopter pilots by the Navy and Air Force is to be discontinued by December 31, 1970.

The conferees feel that the morale and retention rate of Navy personnel is of paramount importance and recommend that ship repair work be performed in, or as near as possible to—up to 300 miles of—the home port of the vessel when it cannot be accomplished at the home port itself.

Amendment No. 10: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment.

Operation and maintenance, Marine Corps

Amendment No. 11: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment.

Operation and Maintenance, Air Force

Amendment No. 12: Appropriates $6,445,900,000 instead of $6,454,500,000 as proposed by the House, and $6,445,000,000 as proposed by the Senate.

The House conferees direct that $10,600,000 of the reduction in Operation and Maintenance, Air Force and $963,000 of the reduction in Research, Development, Test, and Evaluation, Air Force, for Automatic Data Processing operations be applied against the Phase II Base Level Data System. Also, that funds involved in Other Procurement, Air Force, for the purchase of Phase II Base Level Data equipment can be used only for the system leased during fiscal year 1969.

Operation and maintenance, defense agencies

Amendment No. 13: Appropriates $1,069,400,000 as proposed by the Senate instead of $1,074,600,000 as proposed by the House.

Operation and maintenance, Army National Guard

Amendment No. 14: Deletes language as proposed by Senate.

Amendment No. 15: Appropriates $297,800,000 as proposed by the Senate instead of $300,000,000 as proposed by the House.

Operation and maintenance, Air National Guard

Amendment No. 16: Deletes language as proposed by Senate.

National Board for the Promotion of Rifle Practice, Army

Amendment No. 17: Retains language as proposed by House.

Claims, Defense

Amendment No. 18: Appropriates $39,000,000 instead of $41,000,000 as proposed by the House and $37,000,000 as proposed by the Senate.

TITLE IV—PROCUREMENT

Procurement of equipment and missiles, Army

Amendment No. 19: Appropriates $4,254,400,000 as proposed by the Senate instead of $4,281,400,000 as proposed by the House.

With respect to the MBT–70 Main Battle Tank program, the conferees took note of the fact that the Deputy Secretary of Defense had advised the Chairman, Senate Appropriations Committee, that he would not approve development of the MBT–70 under the current design. By January 15, 1970, a decision on a new austere version of the MBT–70 and other options available will be made. The Deputy Secretary noted also that the basic agreement between the Governments of the United States and the Federal Republic of Germany prescribes that unilateral termination by either nation must be preceded by a 60 day notice of intent to terminate. For these reasons, the conferees have not acted on the question of terminating the international agreement until after the report of the Secretary of Defense, containing this decision, is transmitted to Congress.

Amendment No. 20: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds. This same action is proposed in connection with amendments numbered 22, 24, 26, 27, 29, 31, 33, 34, 36, 38, 40 and 41.

Procurement of aircraft and missiles, Navy

Amendment No. 21: Appropriates $2,620,000,000 instead of $2,696,600,000 as proposed

by the House and $2,465,500,000 as proposed by the Senate. The amount of $8,500,000 proposed by the Senate for F–14A aircraft advanced procurement is denied. The Committee of Conference expects the Navy and the contractor to reach a suitable contractual agreement to carry out the intention of the conferees.

The amount of $9,500,000, as proposed by the Senate, is provided for the Shrike ARM missile, and the $14,500,000 proposed by the Senate for modification of existing A–6 aircraft to the tanker configuration is also provided. The $5,000,000 for spare aircraft engines proposed by the Senate is denied, but the amount of $5,000,000 for KA–6D tanker modification spares is provided.

The conferees agreed to the reduction of $25,600,000 for the Standard ARM missile and to the unspecified reduction of $80,000,000 based on available balances as proposed by the Senate.

An amount of $491,500,000 is approved for Poseidon missiles instead of $323,500,000 as proposed by the Senate.

Amendment No. 22: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Shipbuilding and conversion, Navy

Amendment No. 23: Appropriates $2,490,300,000 instead of $2,588,200,000 as proposed by the House and $2,242,770,000 as proposed by the Senate.

The amount of $110,000,000 is provided for advance procurement of five SSN–688 class high speed nuclear submarines as proposed by the House. The conferees are in agreement that the funds provided are based upon the assumption that there will be five such submarines in the fiscal year 1971 new construction program instead of four.

The amount of $77,900,000 is provided for advance procurement funding of four DXGN nuclear frigates, as proposed by the Senate.

The amount of $354,700,000 is provided for the conversion of four Polaris submarines to the Poseidon configuration, including $153,978,000 in advance procurement funds and $5,180,000 for outfitting and post delivery of previously funded conversions. The fact that the conferees agreed to provide the long leadtime funds does not constitute a commitment to the future conversion of any specific number of submarines. The Department is to report to the Congress prior to the obligation of funds for long leadtime items.

The amount of $13,230,000 is provided for eight harbor tugs and four repair, berthing, and messing barges, as proposed by the House.

Amendment No. 24: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Other procurement, Navy

Amendment No. 25: Appropriates $1,484,600,000 instead of $1,461,800,000 as proposed by the House and $1,524,600,000 as proposed by the Senate.

The amount of $126,300,000 is approved for the MK–48 torpedo program as proposed by the Senate.

The amount of $240,800,000 is provided for "Communications and Electronics" as proposed by the Senate, and the amount of $69,900,000 is provided for SSBN support.

Amendment No. 26: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Procurement, Marine Corps

Amendment No. 27: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Aircraft procurement, Air Force

Amendment No. 28: Appropriates $3,405,800,000 instead of $3,434,700,000 as proposed by the House and $3,380,800,000 as proposed by the Senate.

Amendment No. 29: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Missile procurement, Air Force

Amendment No. 30: Appropriates $1,448,100,000 as proposed by the Senate instead of $1,431,000,000 as proposed by the House.

Amendment No. 31: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Other procurement, Air Force

Amendment No. 32: Appropriates $1,576,200,000 as proposed by the Senate instead of $1,636,000,000 as proposed by the House.

Amendment No. 33: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Procurement, Defense agencies

Amendment No. 34: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

TITLE V—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Research, development, test, and evaluation, Army

Amendment No. 35: Appropriates $1,596,820,000 instead of $1,575,300,000 as proposed by the House and $1,600,820,000 as proposed by the Senate. The conferees agreed as follows:

(a) To restore $3,520,000 of the $5,600,000 reduction made by the House for various caseless ammunition program, as proposed by the Senate.

(b) Agreed to the restoration of $10,000,000 of the House unspecified reduction of $118,100,000.

(c) Agreed to a restoration of $3,000,000 of the House reduction of $5,000,000 for the Air Defense Control and Coordination System.

(d) Agreed to a restoration of the $5,000,000 reduction for the LANCE missile system, as proposed by the House.

(e) Agreed to a reduction of $4,000,000 in the request for Military Astronautics and Related Equipment, as proposed by the House.

With respect to Project Mallard, it is the sense of the conferees that the Department should not embark on this development program at this time. The Department of Defense is strongly urged to explore as soon as practically possible the discontinuance of this international development effort through the mutual consent of the participating countries.

Amendment No. 36: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Research, development, test and evaluation, Navy

Amendment No. 37: Appropriates $2,186,400,000 instead of $2,040,400,000 as proposed by the House and $2,193,251,000 as proposed by the Senate.

The amount of $1,977,000 is provided for the Crane Heavy Lift Helicopter, as provided by the House, and the amount of $8,000,000 is provided for the Condor air-to-surface stand-off missile as proposed by the Senate.

The amount of $10,000,000 is provided for the Underwater Long-Range Missile System as proposed by the Senate, and the amount of $19,659,000 is provided for "Military Astronautics and Related Equipment" as proposed by the House.

The conferees agreed to the restoration of $12,500,000 of the House general unspecified reduction of $26,000,000, reflecting a general reduction of $13,500,000 in the revised budget estimate.

The amount of $441,500,000 is provided for the F–14 aircraft development as provided by the Senate.

Amendment No. 38: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Research, development, test, and evaluation, Air Force

Amendment No. 39: Appropriates $3,060,600,000 instead of $3,056,900,000 as proposed by the House and $3,062,026,000 as proposed by the Senate. The sum agreed to includes $2,000,000 for the A–X close support aircraft and $1,700,000 for the Special Purpose Communications program. The $1,700,000 provided is the sum obligated under the Continuing Resolution. No additional funds are provided and the Special Purpose Communications program is to be terminated.

A total of $474,000 is included for the SHAPE Technical Center under the agreement on the funding of International Military Headquarters.

Amendment No. 40: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

Research, development, test, and evaluation, Defense Agencies

Amendment No. 41: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment, which deletes House language limiting availability of funds.

TITLE VI—GENERAL PROVISIONS

Amendment No. 42: Retains language as proposed by the House providing authority for certain payments in connection with International Military Headquarters.

Amendment No. 43: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur. The section will provide limitations as proposed by the Senate with respect to balances of old accounts in lieu of terminations as proposed by the House.

Amendment No. 44: Reported in technical disagreement. It is the intention of the managers on the part of the House to offer a motion to recede and concur in the Senate amendment prohibiting the use of funds to finance the introduction of American ground combat troops into Laos or Thailand.

GEORGE MAHON,
ROBERT L. F. SIKES,
JAMIE L. WHITTEN,
GEORGE W. ANDREWS,
DANIEL J. FLOOD,
JOHN M. SLACK,
JOSEPH P. ADDABBO,
GLENARD P. LIPSCOMB,
WILLIAM E. MINSHALL,
JOHN J. RHODES,
GLENN R. DAVIS,
FRANK T. BOW,

Managers on the Part of the House.

HIGH ENERGY PHYSICS AND THE NATIONAL ACCELERATOR LABORATORY

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

Mr. PRICE of Illinois. Mr. Speaker, it was announced recently that France would honor its commitment to join with Austria, Belgium, Germany, Italy, and Switzerland in financing the construction of the proposed highest energy accelerator in the world, a 300-billion-electron-volt machine. It is common knowledge that the research programs in Europe which require the spending of the equivalent of hundreds of millions of dollars have been in serious difficulties the past few years. For France, which has been plagued with severe economic problems, to follow through with its prior decision to support the program can only point to the strong conviction all European nations have that high energy physics is indeed the new frontier of physical research. I would like to point out that at present the highest energy accelerator in the world is the Russian 76-billion-electron-volt facility at Serpukhov. The 333-billion-electron-volt alternating gradient synchrotron at the AEC's Brookhaven National Laboratory has the highest energy in the United States.

The Congress recently voted $70 million in appropriations for the National Accelerator Laboratory at Batavia, Ill., for fiscal year 1970. Those responsible for designing and constructing the laboratory had requested $96 million and indicated that a minimum of $89 million would be necessary to keep construction on projected cost and time schedules. If it is really the intent of the Congress that the United States return to the forefront of high energy physics research, this reduction of $26 million below the original request is false economy, since this cut, if not restored in the fiscal year 1971 appropriations, will cause about a year's delay and an estimated increase of $30 million for the project.

However, more than money is at stake in constructing the National Accelerator Laboratory on schedule, Dr. Robert Rathbun Wilson, the Director of the Laboratory, has listed rather succinctly nine reasons for carrying out the project as planned:

Timeliness: It will be the right instrument, for the right problems at the right time, but only if it is built soon enough.

Welfare of the Country: Scientific preeminence is a vital factor in the cultural and technological health of our country. The 200 BeV machine, if finished soon enough, will help to maintain that preeminence.

Scientific Need: There are definite important scientific problems that we know can be answered by the use of the 200 BeV machine. Many of these can be done only with a 200 BeV machine. Other questions are susceptible to partial and expensive answers by the use of inadequate instruments.

International Standing: Soviet physicists now have an operating 76 BeV machine, while the United States' present top is only 33 BeV. Our 200 BeV accelerator should come into operation before the European 300 BeV machine and with enough time to insure and maintain a leading position—if built on schedule.

Scientific exploration: In scientific discovery there is no second prize—just a bag to be left holding.

Quality of the accelerator: Our present schedule wil provide the United States with the most advanced research facility in the world.

Quality of the participants: Outstanding scientists will only associate themselves with a vigorous project. Too little, too late will draw mediocre people who will perform mediocre experiments and at a very much higher cost.

Direct cost: A delay in the schedule will incur a large additional cost.

Eventual cost: In the light of the 300 BeV European machine, delay of even one year suggests that the scope of the American effort should be reviewed. This would almost certainly lead to a reorientation of the project to a larger and hence more expensive machine.

I would like to add one more thought. The State of Illinois has acted aggressively to keep its part of the bargain. The State acquired and turned over to the Federal Government a 6,800-acre site which cost some $26 million. Both State and local governments have worked hard to provide those adequate services so necessary to the success of the project. The State and local governments have sacrificed much to carry out their commitments in keeping with the proposed schedule. It would certainly seem that the Federal Government should try to do the same.

TV POLITICAL ADVERTISING RATES CUT

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

Mr. EDMONDSON. Mr. Speaker, I think most of us here will agree that we live in an age when television exposure is an essential ingredient in any political campaign. Television is an effective medium for presenting a candidate and his views. It is effective for discussion of issues; for helping the voter be aware of positions, stands, and proposals; for presenting the candidate "live and in color" to great numbers of the people he is asking to serve—many more than the candidate can meet personally or address at rallies.

For these reasons, political television advertising has helped mold in the United States the most informed electorate the world has ever known. For these same reasons, most candidates must make use of television where it is available to them if they have any hopes of success.

On the other side of the coin, television is expensive. Purchase of television time has driven campaign costs at all levels to highs we would not have dreamed of even a few years ago. The costs of television have come to dominate political fundraising and spending, and even selection of candidates. This is a matter which has greatly concerned me for some time, and I know most of my colleagues share that concern.

With this in mind, I was deeply pleased last week when I learned that Leake Television, Inc., with television stations in Tulsa, Okla., and Little Rock, Ark., has cut its political advertising rate by one-third.

James C. Leake, chairman of the board of Leake Television, Inc., stated in announcing the new political rates:

It is our position that anyone should be able to run for political office. Therefore, to do our part to insure that the use of television is available to all candidates, it will be our policy henceforth to reduce all rates to bona fide candidates by 33 per cent.

Mr. Speaker, I believe Mr. Leake deserves a sincere thanks from all Americans in setting forth this new and enlightened policy. I salute him, and I hope that he is only the first of many of the men who control the television medium who adopt this unselfish and public spirited approach.

RADIO AND TELEVISION TIME SHOULD BE MADE AVAILABLE FOR CANDIDATES FOR PUBLIC OFFICE

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

Mr. MURPHY of New York. Mr. Speaker, I want to commend the gentleman from Oklahoma (Mr. EDMONDSON) for his remarks about radio and television stations KTUL and KATV.

Of course, in the gentleman's broadcast area he probably has many television stations.

In my particular area we have probably 35 Members of Congress, 20 of them from one city alone. The television rates in the area almost make it prohibitive for candidates running for public office in New York to buy substantial amounts of television time.

I, therefore, commend these two television stations for cutting their political advertising rates by one-third. However, I would like to make the statement that I have made on many of our channels in the New York area and that is public television time should not be available for purchase but that public officials and candidates running for office in a broadcast area should have the opportunity to appear on television at the expense of the television channel. That is, time should be made available to all candidates running for public office.

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

Mr. MURPHY of New York. I am glad to yield to the gentleman from California.

Mr. HOLIFIELD. The same situation exists in many large metropolitan areas like San Francisco and Los Angeles. The rates are prohibitive. The gentleman is striking at the heart of this thing. The television licensees are using for their own profit a public communication channel. Therefore, the public interest time should include the availability of time for public servants and for candidates for Federal offices to come before the public on a public service basis and not on a cost for time which is so high, that it is prohibitive.

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

Mr. MURPHY of New York. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I think the gentleman from California is making a very fine point. I think television stations should be encouraged to give public service time for all candidates, but I think it is also a good step in the right direction to lower advertising rates and that should be commended.

Mr. MURPHY of New York. It is certainly a step in the right direction.

A SALUTE TO LEAKE TELEVISION, INC.

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

Mr. KEE. Mr. Speaker, I wish to join in this salute to James C. Leake and Leake Television, Inc. I hope this is just the first in a series of announcements of this nature.

Political advertising on television is useful and necessary—and costly. I believe Mr. Leake has demonstrated an awareness of these facts when he announced as his reason for cutting political advertising rates by one-third that he wants to insure that the use of television is available to all candidates.

His action is clearly to the benefit of the public, which relies a great deal on television for information. It also will benefit the public in the areas his television stations serve by helping to slow down the mushrooming costs of political candidacy and making it possible for able candidates with limited resources to run for elective office.

A STEP IN THE RIGHT DIRECTION

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

Mr. UDALL. Mr. Speaker, this is exceptionally good news which has been called to our attention today. It is good news to learn that an owner in the television industry is as aware as those of us in politics and government of the increasing costs of political campaigning.

There has been much discussion of these costs, and the need for more and larger political contributions which go with the costs.

There have been newspaper and magazine articles on the role television is playing in political campaigns, both from the standpoint of effectiveness and costliness. Most Americans are aware of these problems, but until today I have not been aware of anyone who has done anything about it.

Now we hear about Mr. Leake who has taken a very firm and dramatic step toward doing something about it. I hope he is a bellwether in the industry.

PROPOSED RAISING OF THE "TECUMSEH"

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

Mr. EDWARDS of Alabama. Mr. Speaker, midst all the talk of national priorities, some specific projects frequently get lost in the shuffle. This all too frequently occurs when the projects are not of an urgent nature or do not affect masses of people. One such project is the raising of the *Tecumseh*, the U.S. Navy's ironclad monitor that went down in 38 feet of water while trying to run past the shore guns of Fort Morgan in the famous Battle of Mobile Bay.

Now, Mr. Speaker, all this took place back in 1864. Since then the old *Tecumseh* with all hands has been lying offshore for these 105 years. The Smithsonian Institution has a four-phase plan for raising the vessel including interment of the human remains of the ship's crew.

However, defense needs in Vietnam, space shots, the urban crisis, and many other national problems have scuttled any hope for salvaging the historic artifact. Although technical assistance would be available from the Smithsonian and the Navy Department, private funds would be necessary to cover the major cost of the project.

This is good. The Federal Government should not be in the business of financing everything that comes along. If it were, taxes would be even higher than they are today. But no; this country has survived on the principle of private industry, and private industry is what is necessary to bring the *Tecumseh* to the surface. The Government, as it has offered to do, should provide its assistance where necessary, to help the project along.

This project, I believe, is greatly worthwhile. Sometimes, not only today's youth, but some of us older folk, need a reminder of the conflicts and difficulties that have taken place in the past. Battles that have been fought, struggles that have been won, all in the cause of human rights and freedoms. Although the Civil War was a devisive point in our history, the country has survived to this day, thereby proving the strength of our constitutional system and the courage of the American people.

The study of our historic past is probably the cornerstone of patriotic fervor and pride in our country. By reflecting on our past struggles and achievements, we draw strength to go forward and meet the challenges of the future. Our past history is like a marker, that when lined up with our future goals, keeps us on the right path.

I hope that I will one day be able to see the *Tecumseh* restored. It will take the efforts of private citizens interested in keeping the memory of our historic past alive for this and future generations. If this aspect of the American spirit should die, then no amount of Federal funds will be able to hold the country together. Dollars do not buy a strong democracy.

FRANK HOWARD: DEAN OF COLLEGE FOOTBALL COACHES

(Mr. DORN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. DORN. Mr. Speaker, Frank Howard, dean of American football coaches is relinquishing active coaching at Clemson University to devote his full time to his duties as athletic director.

Coach Howard is one of the greatest coaches in the history of American football. When he first came to Clemson, one wondered if the rickety stands seating only a handful of spectators would collapse before the end of the game. Mud or red dust was everywhere and the lack of equipment and facilities was appalling. Today Clemson has one of the most magnificent stadiums and colosseums in the United States. Its athletic facilities are second to none. Howard's is a success story in the Horatio Alger tradition.

When Frank Howard first came to Clemson, almost 40 years ago, he brought the Clemson Tigers and South Carolina football national fame. Howard literally took the Tigers from the cow pasture to national prominence.

Perhaps the highlights of Howard's great career were January 1, 1949, when the greatest Gator Bowl game of all time was played in Jacksonville, Fla., and Clemson defeated a powerful Missouri team, 24 to 23; on January 1, 1950, in the Orange Bowl when he defeated the undefeated Hurricanes of Miami, 15 to 14; on January 1, 1959, when his Tigers outplayed the Nation's No. 1 team, the powerful LSU Tigers, in the Sugar Bowl, finally losing 7 to 0; and on December 19, 1959, when his underdog team outplayed and crushed the cochampion of the Southwest Conference, TCU, 23 to 7 in the Bluebonnet Bowl.

Frank Howard's teams won more Atlantic Coast Conference championships than any other team since the conference was founded, winning five titles and being cochampion once. His overall record as head coach is 165 victories.

In the sports world, Frank Howard is a national and even an international figure. He coached for the Armed Forces overseas, conducted many football clinics, and coached in various post-season bowls. In his almost 40 years of coaching, he has influenced the lives of as many young Americans on the gridiron as perhaps anyone in the history of our country.

Mr. Speaker, above all, Frank Howard is a great patriotic American who is dedicated to those principles and ideals that made our Nation great. He believes in courtesy, discipline, and character. His "boys" carried the principles of courage and fearlessness on to the battlefields of Europe, Korea, and Vietnam. They have stood out for America in war and in peace. In World War II, more Clemson graduates and Howard-coached men were officers of the Armed Forces of our country than any other college except Texas A. & M.

Mr. Speaker, the news media throughout the Nation and the Armed Forces network announced Coach Howard's recent decision. Splendid tributes have appeared in the Nation's leading newspapers and on radio and television. Among those paying high tribute to Coach Howard were Bear Bryant, Bobby Dodd, Paul Dietzel, Jim Dooley, Earle Edwards, "Peahead" Walker, and Bob King.

Among the many tributes was a splendid editorial which appeared in the Greenville, S.C., News. I commend it to the attention of my colleagues here in the Congress and the American people:

THE BARON'S RETIREMENT

The fact that Frank Howard is front page news this morning speaks for itself. His retirement is of great general interest, ranking right up there with the textile imports amendment, the Vietnam war, taxes and other subjects of importance to people.

Nobody in South Carolina asks "Frank Who?"

Nobody needs to be told that Frank Howard has been Clemson University's head football coach for 30 years. The Bashful Baron of Barlow Bend is better known than many successful politicians, businessmen, scientists and other famous South Carolinians.

Everybody from schoolboy to grand-daddy realizes Frank Howard made Clemson a nationally-known gridiron power, winning championships and bowl bids and developing several All-America and other great stars who now hold their own niches in football history. And the Baron's fame as banquet speaker and conductor of grid clinics is widespread.

The man has become a living legend whose outspoken comments, country-style wit and "feuds" (many of them carefully contrived) with other grid coaches are a part of gridiron lore. They'll be telling stories for years about Frank Howard and Peahead Walker, and recounting numerous incidents in Clemson's Death Valley when the tobacco-chewing Baron prowled the sidelines.

Whenever and wherever football fans gather, the name of Frank Howard is bound to come up before the session gets far along. He is part and parcel of the game itself, one of those strong individuals who have stamped their own image on an entire era of the sport.

Quite possibly the era of the Frank Howards is passing. The trend seems to be away from the colorful, rugged-individual mentor and toward the corporation executive type coach who organizes staffs and platoons and applies scientific techniques. If so, a great deal of the warmth and inspiration which made college football great for participants and fans will be lacking in the future.

It goes without saying that Frank Howard has been good for football in this area. It also is true that he has been good for Clemson University and for the entire State of South Carolina as an ambassador of good will all over the country.

As he retires from active coaching, it is fair to ask but impossible to answer the question—how many Americans were introduced to Clemson University and the State of South Carolina by Frank Howard and the great football teams he produced? The number has to be legion.

Like all coaches good enough to stay with the game for any length of time, Frank Howard has had his fine years and bad. He has been praised and assailed. But the sum total of his career is all to the good, for football, for Clemson and for South Carolina.

For that reason, Clemson men everywhere and all South Carolinians are delighted that the Bashful Baron will remain as the university's athletic director. We haven't heard the last of his "cornball" wit, and we confidently expect him to be an even better ambassador of good will for Clemson and for the state now that he no longer shoulders the burdens of coaching.

But college football in this area will be different next year because of his retirement as active coach—and Death Valley will never be the same again without him pacing the Clemson sideline.

NEW APPROACHES TO JUNK MAIL OFFERED BY GALLAGHER

(Mr. GALLAGHER asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. GALLAGHER. Mr. Speaker, I rise today to introduce legislative concepts of inviting simplicity which may be of considerable assistance in the continuing debate over what must be done about the problem of junk mail. Let me immediately state that I do not regard this legislation as a polished bill; rather, it points the way toward a more constructive and meaningful debate and, hopefully, may provide key provisions for those congressional committees now wrestling with the problem of pornography sent through the mails.

INVASION OF PRIVACY AS AN INDIVIDUAL DECISION

One of the central facts I have learned during the 5 years I have been closely identified with the issue is that it is virtually impossible to impose a single universal standard on what constitutes an invasion of personal privacy. What is personal to one citizen is frequently openly advertised by another; what one discusses willingly in one context may be regarded as deeply intimate in another.

This is especially true in unsolicited mail. Many people enthusiastically welcome it, others find it yet another of the irritations of modern life, and some claim it to be a direct invasion of their personal privacy. Charitable and nonprofit organizations employ the direct mail industry to gain funds to carry forward their worthwhile work, and it is an indisputable fact that direct mail is an aid to legitimate businesses.

THREE NEW APPROACHES

Recognizing these facts, my new approaches to the direct mail industry are based upon the idea that the individual has the right to control, at least to some extent, the content of his mailbox. My legislation builds upon the foundations laid by others by adding the dimension of personal choice, of individual action, and of citizen responsibility.

The bill I introduce today is keyed to the new idea that each piece of unsolicited mass mail must contain identifying information clearly specifying where the sender got the name of the recipient. It also gives the individual the option of filing a form with the Postmaster General stating that he does not wish to receive any mass mailings, generated by registered mailing list brokers, or that he only wishes to receive those pieces of mail relating to nonprofit, charitable solicitations.

The third original idea is that the individual may write directly to the ultimate source and direct his name to be removed from that particular list. This provision is enforceable, for the Postmaster General may enter the dispute if those who control the list do not abide by the citizen's wishes. Under current legislation, the citizen may now write to the Postmaster General and request his name be removed from a list if he finds the offering to be pornographic; my original concept allows him to write directly to the source which generated the mail by giving out his name. Further, it removes the necessity for the individual to find the mailing pornographic.

The two most frequently heard complaints about unsolicited mass mailings are, "How did they get my name?" and "How can I get off that list?" The new concepts embodied in my legislation provide the answer to both those questions and, by giving the individual the option to take action himself, puts power back in the hands of the citizen.

Mr. Speaker, I would regard this as an extremely important and vitally necessary alternative for the Congress to recognize. All around us we hear slogans which are huckstered by antidemocratic forces and which can destroy the foundations of our Republic. "All power to the people" and similar catch phrases mean, in reality, all power to the particular leader who mouthes them. Their accompanying corollary is the direct denial of basic civil rights of anyone who opposes the sloganeer. This is a grave threat to the basic American principles of tolerance and compromise of conflicting views on public policy.

We must recognize, however, the existence of a legitimate and very real feeling of powerlessness on the part of many of our citizens. Such inflammatory phrases are fueled by the widespread sense of dehumanization and depersonalization in modern society. I introduce these legislative concepts today for I continue to believe that the Congress must direct itself to devising ways to put a sense of personal control over the ways in which strangers manipulate intimate facts about the individual.

It is this desire which caused me to initiate congressional consideration of the credit reporting industry, to introduce a resolution to establish the Select Committee on Technology, Human Values, and Democratic Institutions, and why I have spoken out for more than 3 years about the dangers of misapplying computer technology. Protecting the space where the individual's basic human nature resides, reenforcing what I call "the intellectual imperative," must become the focal point of legislative concern.

POSSIBLE ASSISTANCE IN THE BATTLE AGAINST PORNOGRAPHY

This powerlessness I mentioned is particularly distressing to many constituents who have communicated with me about their difficulty in preventing pornography coming through the mails. These are law-abiding citizens who are trying to raise their children in a clean and wholesome atmosphere; yet, they cannot keep from their mailboxes what they regard as disgusting obscenity, camouflaged as "sophisticated adult material." Indeed, I am always amazed that some of the most blatant is termed "sophisticated"; that some of the most puerile is called "adult."

The Congress has addressed itself to

the pornography question and a bill which passed the 90th Congress allows the individual to write the Postmaster General to have such material removed from his mails. Unfortunately, this provision is now widely regarded as being ineffective and the Supreme Court is now considering constitutional questions about it.

There are new bills now circulating on Capitol Hill and many hearings have been held. One idea which is attracting influential support is to have each piece of mail which may be regarded as obscene to be clearly labeled as such on the envelope. This attractive idea may however, be self-defeating. It does not take a particularly acute observer of human nature to know that the label itself may be the most persuasive form of advertising and it is not hard to imagine younger members of a family fighting to be the one to open such a provocative piece of mail.

I would hope that one positive effect of the new concepts I introduce today will be to assist in the war on obscene mailings. Because it does not require the citizen to make an evaluation of pornography and thus enter the thicket of constitutional questions before he may direct mail to be stopped, it will avoid at least one opposing argument. By not referring to pornography, it may be a valuable tool in controlling it.

Let me make it very clear that I believe the flood of filth now flowing into many homes must be stopped. I support effective legislation which would accomplish that purpose. But the fact is that the exchanging selling, or renting of names in order to mail pornography represents but a tiny fraction of the activities of the mailing list industry and an infinitesimal portion of direct mailing generally.

Mr. Speaker, I believe it is important that we find a way to focus on the more general problem; that we do not let the obvious stench rising from obscenity to mask the more subtle odors of mounting citizen irritation over junk mail.

WHAT IS THE MAILING LIST INDUSTRY

Perhaps the best way to describe this industry is to let it speak for itself. The April 1968 issue of its trade journal, The Reporter of Direct Mail Advertising, contains the following offerings:

The National Demographic Information List . . . 100,000 names now ready for testing; total compilation expected to reach 3.5 million verified names . . . in addition to normal information the National Demographic List offers you: verified titles, single or married persons, either sex or occupation codes: Professional & Executive; retail sales and clerical; skilled, unskilled . . . whether wife works or not . . . number of dependent children . . . list is completely computerized, available by any one or any combination of the factors above . . . .

The List . . . One million, seven hundred thousand of the best credit-checked spenders you'll ever find, the American Express Credit Card List.

Mr. Speaker, one could cite many other examples, but these two point up the most obvious features of mailing lists. Using the computer, it is now possible to create an incredibly sophisticated confluence of personal attributes and habits. Virtually any human activity can be the source of a list, and can have your name permanently and inescapably embedded in someone's moneymaking computer.

Even if the individual chooses not to receive direct mailings, his name is now added to a list. If you have declined a piece of direct mail or have indicated displeasure with a specific mailing, your name is added to a "sorehead" list. The people so labeled are prime recipients for solicitations offering animal repellents, burglar alarms, and bomb shelters.

This brief and admittedly incomplete description of what the industry is suggests a very real problem in drafting legislation to deal with it. Pornography aside, there may be first amendment difficulties with any attempt to control it. A vast majority of the information is on what can be termed the public record—drivers licenses, memberships in professional societies, "good payers" in computerized credit bureaus, and so forth. This is why I stated earlier that my bill is offered more in the spirit of stimulating useful debate and providing some possible insights for eventual legislation than it is offered as the totally perfect answer to all the ramifications of the mailing list industry.

OTHER POTENTIAL BENEFITS

Mr. Speaker, it is possible that another benefit of these approaches will be to take one small burden from our already overburdened Post Office Department. The basic provision of my legislative concepts is to give the individual the opportunity to contact directly the source which originally generated or compiled his name. While this is an enforceable provision, merely having the power of the Postmaster General and the Department of Justice looming in the background may make it unnecessary for the Post Office to become involved in any specific dispute.

When Timothy J. May testified on behalf of the Post Office Department before the Subcommittee on Postal Operations, headed by my distinguished colleague, the Honorable ROBERT NIX, of Pennsylvania, he expressed concern about the already existing administrative responsibilities:

We get many requests, oftentimes from Congressmen, demanding that we find out how their names got on a particular mailing list.

Aside from revealing that Congressmen are as powerless as the rest of the populace in this matter, I think it is important to note that my concepts will remove any responsibility from the Post Office to determine how the individual's name appeared on a particular list.

And by allowing the individual to write directly to the source responsible for a mailing, this legislation will let the individual vent and rage he may feel. It is important to provide a person with an occasional safety valve and I would suspect that merely the pleasure in composing and sending an angry letter to those responsible will be a very valuable emotional release for many citizens.

In addition, it is not inconceivable that a valuable side effect of this legislation would be to improve the quality of the offerings of direct mail solicitations. If the commercial organization which rents or sells its list is aware that its identity as the generating source will be clearly specified in each piece of mail, it will probably exercise a greater degree of care in selecting who may use its names and what may be offered. If, for example, a card saying, "The Diners Club felt you would be interested in this offer," were to be included, the name and image of the Diners Club, could be adversely affected if the mailing were repugnant to many of its cardholders. This side effect might not diminish the extent of junk mail, but it could improve the content.

CONCLUSION

Mr. Speaker, I believe these new approaches could have a number of valuable impacts on the mailing list industry, the operations of the Post Office, and on individual privacy. By not focusing on the issue of pornography, it makes it clear that the mailing of obscenity is not the prime purpose of the direct mail industry and would bypass some constitutional tangles. By providing the individual with the opportunity to have the Post Office direct register mailing list brokers to send either nothing at all or just nonprofit, charitable solicitations, it might well cut down on the number of direct mailings and, at the same time, make those which do reach the home more effective. By providing the citizen direct access to the ultimate source of his name, I suspect that the Post Office Department might not be administratively involved in the vast majority of the cases.

Of paramount importance, Mr. Speaker, my new legislative ideas would buttress privacy in the age of the computer. Since the vast majority of these lists are computerized, we can use the ease of entering and altering data in a computer to protect the privacy of our citizens rather than to invade it. Note that we would not be legislating what an invasion of privacy is—a task I am coming to increasingly believe may be almost impossible—we would permit the individual to make that determination for himself.

By allowing the individual to recapture a measure of control over the exchange of his name, address, and personal characteristics, I believe we may help to alleviate the disenchantment with the legislative process and strengthen the true foundations of our Republic—citizen control and citizen responsibility. If a man's home can truly be called his castle, he must have the opportunity to raise the drawbridge on occasion by protecting his mailbox from things he regards as unsuitable for himself and his family.

Mr. Speaker, my bill follows:

H.R. 15309

A bill to require mailing list brokers to register with the Postmaster General, and suppliers and buyers of mailing lists to furnish information to the Postmaster General with respect to their identity and transactions involving the sale or exchange of mailing lists, to provide for the removal of names from mailing lists, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 53 of title 39, United States Code,

relating to the several classes of mail, is amended by adding at the end thereof the following new section:

"§ 4061. Registration of mailing list brokers; furnishing of information by suppliers, buyers, and users of mailing lists

"(a) Each broker engaged in the sale or exchange of mailing lists for profit shall register with the Postmaster General, within — days of enactment, a registration statement in such form and detail as the Postmaster General shall determine, respecting (1) the name under which he is or intends to do business, (2) the scope and general character of the business transacted or to be transacted, (3) the relationship, if any, of the mailing list operation with other business undertakings, (4) the location of his principal business office, and (5) the names and addresses of the directors and the chief executive officers where the broker is a corporation, association, partnership, or other such entity.

"(b) Each individual and each corporation, partnership, or other business organization or association using, buying, selling, leasing, renting, exchanging, or otherwise making available to others for profit any list of addresses or other similar mailing list shall on request furnish the Postmaster General, in such form and detail and at such time as he shall determine, information respecting (1) the name of the individual, corporation, partnership, or other business association or organization, and (2) the identity of individuals having a financial interest in any such organization or association, including the responsible officers and employees thereof. Records shall be kept for a period of not less than five years and postal officials upon request shall be permitted to examine such records and particulars of transactions or mailings pertaining to any such address or mailing list;

"(c) Any person may file with the Postmaster General an application for a form, to be furnished to him by the Postmaster General, upon which that person may indicate his desires with respect to the following :

"(1) that he does or does not wish his name to be on any mailing list of any broker registered with the Postmaster General;

"(2) that he wishes his name to be only on those mailing lists of that broker which is to be made available to nonprofit charitable organizations.

Such person may transmit that information to the Postmaster General. The Postmaster General shall transmit the above information to each mailing list broker and order that broker to remove the name of that person from the mailing list. If the Postmaster General believes that the broker is not complying with that order, the Postmaster General shall request the Attorney General to make application in district court of the United States for an order directing such compliance in accordance with the provisions of section 4009 of this title;

"(d) All circulars, letters printed in identical terms, advertisements, and similar material constituting solicitations for the orders of goods or services shall not be carried in the mails and shall be disposed of as the Postmaster General directs unless such matter contains or bears the name and address of the sender and information disclosing whether or not the name of the addressee, or the occupant and the address, was obtained from a mailing list and, further, information as to the appropriate party or parties (including mailing list brokers) for the addressee or occupant to notify that the addressee or occupant wishes his name removed from that list. If the addressee or account continues to receive such mail from that sender after notification that he does not wish to continue to receive such mail, he may file with the Postmaster General statement that he has given appropriate notice that he does not wish to receive such mail. The Postmaster General shall transmit a copy of that statement to the sender, including any mailing list broker, and notify the sender to discontinue sending such mail to that person, and notify the mailing list broker to remove the name of that person from the mailing list. If the Postmaster General believes that his notice is not being complied with, he shall request the Attorney General to make application in a district court of the United States for an order directing such compliance in accordance with the provisions of section 4009 of this title;

"(e) As used in this section—

" 'broker' means any person who engages either for all or part of his time, directly or indirectly, as agent, dealer, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in mailing lists owned, rented, or used by another person;

" 'registration statement' means the statement provided for in this section, and includes any amendment thereto and any report, document, or memorandum filed as part of such statement or incorporated therein by reference;

" 'supplier' means to include broker, owner, and compiler;

" 'buyer' shall mean any person who buys mailing lists or buys the use of such lists through leasing or renting agreements;

" 'user' shall mean any person who uses mailing lists supplied by someone else, or the person performing the acts and assuming the duties of handling, compiling, sending by mail or by messenger lists of names to be used for his own benefit, or the benefit of another, for profit;

"(f) The Postmaster General shall make appropriate rules and regulations to carry out the purposes of this section.".

(b) The table of contents of such chapter 53 is amended by inserting—

"4061. Registration of mailing list brokers; furnishing of information by suppliers, buyers, and users of mailing lists."

immediately below

"4060. Foreign publications free from customs duty.".

SEC. 2. (a) Chapter 83 of title 18, United States Code, relating to offenses against the postal service, is amended by adding at the end thereof the following new section:

"§ 1735. Mailing list brokers, suppliers, buyers, and users.

"Whoever, being required by section 4061 of title 39, United States Code, to furnish information to the Postmaster General, fails or refuses to furnish such information as the Postmaster General shall request under such section, shall be fined not more than $5,000, or imprisoned not to exceed one year, or both."

(b) The table of contents of such chapter 83 is amended by inserting

"1735. Mailing list brokers, suppliers, buyers, and users."

immediately below

"1734. Editorials and other matter as 'advertisements'.".

SEC. 3. The foregoing provisions of this Act shall become effective on the —— day following the date of enactment of this Act.

POLITICALLY MOTIVATED REPLACEMENT OF U.S. DISTRICT ATTORNEY MORGENTHAU

(Mr. RYAN asked and was given permission to address the House for 1 minute, to revise, and extend his remarks, and include extraneous matter.)

Mr. RYAN. Mr. Speaker, today President Nixon and Attorney General Mitchell in effect fired Robert M. Morgenthau as U.S. attorney for the southern district of New York by nominating a replacement for him. In doing so, they have sought to remove from office an able public servant, one whose exemplary conduct, and administration have made the U.S. attorney's office for the southern district a leader in achieving just and effective law enforcement.

That the President and his Attorney General have thereby raised political partisanship over merit is ironical.

Republican Members of Congress themselves, in the House Republican task force on crime report issued in July 1968, highly praised Mr. Morgenthau for the administration of his office. Obviously, even the judgment of the administration's own congressional membership, including the Republican Senators from New York who have urged that Mr. Morgenthau not be deposed, is to be ignored.

Despite championing "law and order," the administration, by its action, seeks the removal of a conscientious U.S. attorney who has regarded his office as above politics as evidenced by his prosecution of prominent Democrats.

To deprive the southern district of New York of Robert Morgenthau's services is pure politics, without any redeeming justification. It does New York City a disservice, and it does just and effective law enforcement a disservice.

COMMENDATION OF YOUNG AMERICANS FOR FREEDOM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. LUKENS) is recognized for 60 minutes.

(Mr LUKENS asked and was given permission to revise and extend his remarks and include extraneous matter.)

GENERAL LEAVE

Mr. LUKENS. Mr. Speaker, I ask unanimous consent that all Members may have permission to revise and extend their remarks and include extraneous matter for 5 legislative days on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LUKENS. Mr. Speaker, I have asked for this special order today that I might commend the activities witnessed this past weekend of the members of Young Americans for Freedom. YAF has, in the past, impressed me with their concern for, and their realistic approach toward, the problems that beset this Nation. I am proud to be joined by many of my colleagues in congratulating the members of this fine organization throughout the United States for their "Vietnam: Alternative Weekend, December 12–13, 1969," during which time they distributed several million copies of the "Tell It to Hanoi" tabloid, the text of which follows:

VIETNAM: A TIME FOR CHOOSING

Political procrastination, indecision, attrition, disillusionment and despair are the

ingredients that have transformed Vietnam into America's death wish. All the facts, figures, and historical precedents have blurred and blended in a plethora of "involvement debates."

Now in 1969 we are faced with a situation that has degenerated to the point, that humanitarians of 1966, then concerned about napalmed children, now wave Viet Cong flags in hopes of a Communist victory. These 1966 humanitarians petitioned for bombing halts in order that North Vietnam might show good faith. Today these 'Americans' demand unilateral withdrawal and the surrender of Southeast Asia to the Communists.

Their conscience qualms regarding napalm victims have been muted in order to accept the inevitable, Communist perpetrated Asia bloodbath of the seventies. In essence, many Americans have brought Chamberlainian peace thirty years after it was proven counterfeit.

The retreat has begun with the battle lost. To these "patriots" the choice is simple; gas or electrocution. America can effect a staged withdrawal a la Nixon or turn tail and run a la McGovern.

Others have perceived a different choice however. In December of 1961 the late John F. Kennedy wrote to the president of South Vietnam, 'The situation in your embattled country is well known to me and the American people. Our indignation has mounted as the deliberate savagery of the Communist program of Assassination, kidnapping and wanton violence becomes clear . . . the campaign of force and terror now being waged against your people and your government is supported and directed from the outside by the authorities at Hanoi'.

Soon President Kennedy chose. He raised the United States' Commitment in South Vietnam from 775 men to 40,000 men. From that tragic day in Dallas until very possibly today political procrastination, indecision and attrition have been our policies.

A Bug-Out Will Beget Treachery

(By Walter J. Conlon)

Fyodor Dostoevsky once observed that, whereas the man who teaches that two plus two equals four will put his students to sleep, his erroneous counterpart who incessantly proclaims that two plus two equals five, or three, or the cube root of the Euler constant, will gain the undying allegiance of starry-eyed millions. The thrust is obvious: fiction is infinitely more exciting than fact.

It is with this in mind that I approach my task. I really do not expect to make many converts to my position. Perhaps it is left to the campus conservative to play the part of Cassandra, condemned by Apollo to prophesy unbelieved by all who heard her words. Perhaps indeed, the left and the benevolent innocents who parrot their slogans are the wave of the present. If this is the case, so be it.

But, what of the future? That is, what will be in store for the left—and for the country—after the inevitable Vietnam bugout they so earnestly desire comes to pass?

So let us look forward to the day when the Left scores success. Nixon capitulates, and begins an immediate pullout of all American forces from Southeast Asia. Then what?

If the *sforzando* chorus of innocents is to be believed, then we will have peace. Poverty and "racism" will be eradicated *hesto presto;* all men will love one another; and, each to our own thing, we will all live happily ever after. Such are the beliefs of the naive, innocent love generation of America 1969. In case you may have forgotten, such also were the beliefs of their intellectual ancestors of England and France 1938.

Euphoria is exhilarating and disillusionment is dastardly, but disillusionment is infinitely less dastardly before it is too late. Realistically, what would be the long-range consequences of a Red takeover in South Vietnam?

As far as the South Vietnamese are concerned, the answer does not require excessive conjecture. Just check your history books and see what happened when the Communists took over the countries they hold now: mass deportations and executions, show trials, overflowing slave-labor camps. "Oh, but the North Vietnamese Communists are not like that!" returns our chorus of innocents. "They are Nationalists!"

Well, so what? Hitler was a nationalist, too. And what evidence do we have to believe that the North Vietnamese Reds will be any more humane than were their honored heroes, Mao Tse Tung and Joseph Stalin? You may or may not recall that the former, according to Guiness' Book of World Records, supervised the execution of twenty million peasants during the collectivization drives of the fifties; the later, by his own admission to Churchill at Yalta, had ten million peasants starved during the winter of 1932–33 alone.

But, alas, this is all irrelevant to our domestic innocents. After all, our national priorities demand that more attention be given "racism" in Chicago and air pollution in Dubuque (or vice versa) than to the lives and liberty of 16 million South Vietnamese. According to this perverse and isolationist world view, we should really be concerned with the deleterious effect of the war on the home front.

Well, what would be the effect of a Vietnam surrender on the home front? Of course, there would be an initial alleluia chorus that the boys were coming home; but when the stark reality of an American defeat sinks into the public consciousness, joy will turn to horror. For the first time in our history, our armies will have been sabotaged and our allies betrayed by the treachery on the home front. Adolf Hitler's rise to power was largely due to the adroit usage of a "stab in the back" explanation of Germany's defeat in World War I. In his case, the thesis was a typical National Socialist lie; if we give up the ghost in Vietnam, it will be indisputable fact.

And the innocents' joy will turn to horror. An outraged public seeking out the culprits guilty of treason will initiate a search for scapegoats that will make the Joseph McCarthy era after the betrayal of China look like mild stuff. When this inevitable reaction comes, the George McGoverns, the Charles Goodells, and the J. William Fulbrights among us may find themselves hard pressed to insure their physical survival.

My dissenting brothers, stop and take a good look at what you are doing. You cannot win more than a pyrrhic victory. In the process of pursuing the short shortsighted goal of peace at any price, you might very well bring down the ancestral American system of freedom and democracy which we all hold most dear.

Reading List for the Serious Dissenter

The following list of reading material is provided for those who wish seriously to reflect on the Vietnam war. The time for super-simplistic solutions has passed. Be careful, however. It is possible that to think about Vietnam will encourage conclusions somewhat different from those that the organizers of the "Moratoriums" have in mind.

Our Vietnam Nightmare, by Marguerite Higgins, Harper and Row.

The Two Vietnams: A Political and Military Analysis, by Bernard Fall, Praeger.

Vietnam Witness, by Bernard Fall, Praeger.

Why Vietnam? by Professor Frank N. Trager, Praeger.

Can We Win In Vietnam?, by Herman Kahn, Praeger.

No Exit from Vietnam, by Sir Robert Thompson, David MacKay, Co.

John Steinbeck on Charley as SOB

Saigon.—Do you remember my telling you that any mistakes might be beauties but they would be my own? Well, I've only been two weeks in Vietnam but of that time I have spent 10 days out of 14 in the field from base camp to forward position, to patrol, to assault operation. I've covered a lot of country and have seen many things ugly and/or beautiful with my own eyes. I haven't been to the Delta yet.

Anyway I'm cocked and set to make some generalities which the home guard commandos can shoot down if they wish. In New York, in other places and in those full-page advertisements in the New York Times as well as in political speeches aimed at U.S. foreign policy. I have heard and read that we are interfering with the internal affairs of a foreign country—that this is essentially a civil war and that the Vietnamese people should be allowed to settle it for themselves, that the V.C. is an organized army of Boy Scouts, selling their lives to free people from the intolerable pressure of a ruling class backed up by the brutal and imperialist soldiery which delights to kill and maim women and children.

My first generality item is that this is pure horse manure, and I base this on what I myself, have seen.

The V.C. has much the same selfless impulse, the same gentle democratic direction and uses the same methods for gaining his ends as the Mafia does in Sicily. The parallel is very close. Terror and torture are his weapons. He bleeds the people he is saving of everything movable, kidnaps whole villages for forced labor, recruits the young men and holds the parent hostage. He murders any opposition noisily or secretly. He impales living bodies on sharpened stakes, slashes stomachs so that a man drags his intestines on the ground before he dies. He tosses grenades in markets where poor people gather to buy food.

* * * * *

If a village refuses to pay his tax (the Mafia or Costa Nostra would call it protection) he burns the houses. And lately he has a refinement. A man suspected of communicating, only suspected, is taken to a village center. His neighbors are forced to look on while he is taken apart little by little, starting with fingers and toes but carefully so that bleeding will not give him quick release, and when they have finished, he is a ghastly mound of butcher's meat. You don't believe it? I could show you photographs but no American paper would dare print them for fear of disturbing the comfortable self satisfaction of its readers.

I wish I could take the people who have written me hate-letters calling me murderer, through some the sweet and tender activities of the National Liberation Front which is what Charley calls himself. But I suspect their stomachs couldn't stand it.

I would like them to see the refugee camps we help to build and help to maintain. These people did not run from us. They ran to us. Doesn't it make any impression that there are no reverse refugees. Nobody runs north to escape the brutality of the South Vietnamese and the brutal Americans. Why is that?

* * * * *

Of course this is a most complicated situation. The new party line word is so many of my hate-letters is simplistic. Well if this is

simplistic, comrades, make the most of it, *Charley is a pure SOB. His purpose is domination of the land and the minds of poor people and he will stop at no horror, no lie, no trick to achieve it.*

This is a simplistic generalization. I can go into its complicative opposite if you wish, but meanwhile if you hear someone celebrating the misunderstood and mistreated V.C., just punch him in the nose for me, will you?

But this is not a pretty war and Charley sets the pace. Our kids are learning to fight back. *But how I would like to run a protest parade down a V.C. trail. Charley puts paddy peasants over a suspected path before he goes in. Maybe the Peace Marchers might like to serve in this capacity. Sorry to be so vehement but I've seen a boy with punji wounds.*

Yours,

JOHN.

THE MASSACRE OF HUE

"At first the men did not dare step into the stream," one of the searchers recalled. "But the sun was going down and we finally entered the water, praying to the dead to pardon us." The men who were probing the shallow creek in a gorge south of Hue prayed for pardon because the dead had lain unburied for 19 months: according to Vietnamese belief, their souls are condemned to wander the earth as a result. In the creek, the search team found what it had been looking for—some 250 skulls and piles of bones. "The eyeholes were deep and black, and the water flowed over the ribs," said an American who was at the scene.

The gruesome discovery late last month brought to some 2,300 the number of bodies of South Vietnamese men, women and children unearthed around Hue. All were executed by the Communists at the time of the savage 25-day battle for the city, during the *tet* offensive of 1968. The dead in the creek in Nam Hoa district belonged to a group of 398 men from the Hue suburb of Phu Cam. On the fifth day of the battle, Communist soldiers appeared at Phu Cam cathedral, where the men had sought refuge with their families, and marched them off. The soldiers said that the men would be indoctrinated and then allowed to return, but their families never heard of them again. At the foot of the Nam Hoa mountains, ten miles from the cathedral, the captives were shot or bludgeoned to death.

Shallow Graves. When the battle for Hue ended Feb. 24, 1968 some 3,500 civilians were missing. A number had obviously died in the fighting and lay buried under the rubble. But as residents and government troops began to clean up, they came across a series of shallow mass graves just east of the Citadel, the walled city that shelters Hue's old imperial palace. About 150 corpses were exhumed from the first mass grave, many tied together with wire and bamboo strips. Some had been shot, others had apparently been buried alive. Most had been either government officials or employees of the Americans, picked up during a door-to-door hunt by Viet Cong cadres who carried detailed blacklists. Similar graves were found inside the city and to the southwest, near the tombs where Viet Nam's emperors lie buried. Among those dug out were the bodies of three German doctors who had worked at the University of Hue.

Search Operation. Throughout that first post *Tet* year, there were persistent rumors that something terrible had happened on the sand flats southeast of the city. Last March, a farmer stumbled on a piece of wire; when he tugged at it, a skeletal hand rose from the dirt. The government immediately launched a search operation. "There was certain stretches of land where the grass grew abnormally long and green," Time Correspondent William Marmon reported last week from Hue. "Beneath this ominously healthy flora were mass graves, 20 to 40 bodies to a grave. As the magnitude of the finds became apparent, business came to a halt and scores flocked out to Phu Thu to look for long-missing relatives, sifting through the remains of clothes, shoes and personal effects. "They seemed to be hoping they would find someone and at the same time hoping they wouldn't, said an American official." Eventually, about 24 sites were unearthed and the remains of 809 bodies were found.

The discovery at the creek in Nam Hoa district did not come until last month after a tip from three Communist soldiers who had defected to the government. The creek and its grisly secret were hidden under such heavy jugle canopy that landing zones had to be blasted out before helicopters could fly in with the search team. For three weeks, the remains were arranged on long shelves at a nearby school, and hundreds of Hue citizens came to identify their missing relatives. "They had no reason to kill these people," said Mrs. Le Thi Bich Phe, who lost her husband.

Negligible Propaganda. What triggered the Communist slaughter? Many Hue citizens believe that the execution orders came directly from Ho Chi Minh. More likely, however, the Communists simply lost their nerve. They had been led to expect that many South Vietnamese would rally to their cause during the *Tet* onslaught. That did not happen, and when the battle for Hue began turning in the allies' favor, the Communists apparently panicked and killed off their prisoners.

The Saigon government, which claims that the Communists have killed 25,000 civilians since 1957 and abducted another 46,000, has made negligible propaganda use of the massacre. In Hue it has not had to. Says Colonel Le Van Than, the local province chief: "After *Tet*, the people realized that the Viet Cong would kill them, regardless of political belief." That fearful thought haunts many South Vietnamese, particularly those who work for their government or for the Americans. With the U.S. withdrawal under way, the massacre of Hue might prove a chilling example of what could lie ahead.

BUG OUT?

"The first consequence, as anyone can foresee, will be the cold-blooded massacre of a couple of million South Vietnamese who have put their faith and trust in the United States. If anyone doubts this, he had better study the hideous massacre of about 3,500 old men, women and children that was perpetrated by the Communists when they occupied the city of Hue for a couple of weeks."

—JOSEPH ALSOP.

REDS DOMINATE "PEACE" MOVEMENT

(By Rowland Evans and Robert Novak)

The tens of thousands of well-meaning war protesters set to converge on Washington Saturday will be joining a demonstration planned since summer by advocates of violent revolution in the U.S. who openly support Communist forces in Viet Nam.

Accordingly, whatever happens here Saturday, the Nov. 15 march on Washington will mark a postwar high water mark for the American far left. Responsible liberals have been enlisted as foot soldiers in an operation mapped out mainly by extremists—testimony to the present ineffectiveness of nonviolent, liberal elements in the peace movement.

Moreover, heavy-handed Nixon administration reaction by Deputy Attorney General Richard G. Kleindienst assures that any violence on Saturday will be blamed by liberals on the government, and the avoidance of violence will be credited by these same liberals to the self-restraint of the far left.

Although liberals belatedly spent this week in frantic eleventh-hour efforts to co-opt Saturday's march, they had plenty of advance warning, The New Mobilization Committee to End the War in Vietnam (New Mobe), sponsors of the march, was formed last July in Cleveland with an executive committee dominated by supporters of the Vietcong.

The executive committee is moderate when compared with the 60-member steering committee, studded with past and present Communist Party members (including veteran party functionary Arnold Johnson). Far more important than representation by the largely moribund American Communist Party, however, is inclusion on the steering committee of leaders in its newly invigorated Trotskyite movement.

The steering committee began eclipsing the executive committee in recent weeks under the leadership of the Trotskyite Socialist Workers Party and its fast growing youth arm, the Young Socialist Alliance. Fred Halstead of the Socialist Workers Party took over planning for a march calculated to end in violent confrontation.

Participating in planning sessions were elements even more violence-prone than the Trotskyites: extreme SDS factions calling themselves the revolutionary brigade. Wild scenarios for storming the White House, the Justice Department, and the South Vietnamese Embassy were prepared.

Furthermore, the New Mobe was in closer contact with Communist Vietnamese official circles than is generally realized. Ron Young, a member of the New Mobe steering committee, journeyed to Stockholm Oct. 11–12 for a meeting attended by representatives of the North Vietnam government and the Vietcong. Reporting on plans for Nov. 15, Young urged a worldwide propaganda campaign to boost the demonstration.

The link between Hanoi and elements of the New Mobe was again demonstrated Oct. 14 when Premier Pham Van Dong of North Vietnam sent greetings to American antiwar demonstrators. Halstead, the Trotskyite leader, drafted a friendly reply to Hanoi approved by a majority of the New Mobe's steering committee. Its transmission was blocked only by the intervention of Stewart Meachem of the American Friends Service Committee, one of the New Mobe's moderates.

Thus far-left orientation of the New Mobe for weeks has worried liberal doves, including the youthful leaders of the peaceful Oct. 15 Moratorium. Sen. Charles Goodell of New York, emerging as a leading congressional foe of the war, attempted—without success—to reduce extremist influence inside the New Mobe and argued against including far leftists on the steering committee.

But the liberals, having forgotten the fate of popular front movements a generation ago and unwilling to repudiate any antiwar forces, would not actually break with the New Mobe. Any chance of that was eliminated by President Nixon's relatively hardline speech Nov. 3 and government strategy laid down at the Justice Department by Kleindienst.

Goodell and Sen. George McGovern of South Dakota, after much deliberation, accepted invitations to address the demonstration in hopes of moderating it. Similarly, moratorium leaders this week have tried to insinuate themselves into control of the march. But the march remains essentially a project of the far left, constituting a tragic failure of leadership by liberal foes of the war.

TOP-RANKING DEFECTORS ANTICIPATE RED TERROR

SAIGON.—The highest-ranking Communist defectors in South Vietnam have said that a coalition government with the National Liberation Front would be the sure downfall of the present Saigon government.

These defectors, who fled the Viet Cong and North Vietnamese army ranks last year, believe that a reign of terror would follow a Communist takeover, but not before the world had been lulled into thinking that the coalition government was working smoothly.

"Do not forget the first coalition in 1945 and 1946 (in North Vietnam)," one defector said recently. "In the north, I was told that more than 10,000 died at the hands of the party."

"You will see the deaths in the south will be a thousand times greater. But by that time your Western press will have believed peace is here and they will have gone home and will not be around to see it happen.

"The other Westerners will also have to leave and get away from the dangers. Only the Vietnamese will be left, for there is nowhere for them to go this time. There are 3 million people on the blood debt list and you will have condemned them."

The views of our defectors, who held the rank of colonel or lieutenant colonel, were expressed in a series of interviews. In addition to their military duties, they served as high-ranking political cadres.

As such, they received privileged information on the political intentions of the NLF and Hanoi. The four officers have been members of the Communist Party for an average of a little more than 20 years.

Although the interviews were conducted separately, the thinking expressed was remarkably similar.

Col. Tran Van Dac, a political officer who commanded 8,000 Viet Cong troops in last year's Tet offensive, said, "If South Vietnam should have a coalition government, there would be no future for it as a country."

He said the NLF would only seek a few positions at the higher levels, adding:

"The basic principle for them remains getting and keeping control of all lower institutions—in the hamlets, villages, districts and provinces.

"They will appear to have only a few people to fill key positions at central levels. Outwardly it will seem fair and they will seem to cooperate, but they will rely on the prevailing position they have with their control over the provinces, districts and villages . . . to overthrow the coalition government.

"At the beginning, they will appear to accept almost everyone. Then all they have to do afterward is to quietly purge the ranks, all ranks. They have ways to eliminate."

The colonel said that when senior members of the party talked:

"We did not even use the term coalition. We use the term with the enemy only for the purposes of deceiving him.

"From the Communist point of view, the idea of coalition means simply that it is an opportunity to mix in for the sole purpose of taking over."

Lt. Col. Le Xuan Chuyen, former commander of a Viet Cong division, said that the plan for taking over South Vietnam was made 10 years ago."

"The north has three targets, one after the other," he said. "First, the north wanted a complete bombing halt. Second they want a cease-fire between South Vietnamese and NLF troops. And if this happens, you cannot avoid the third one, and that will be a coalition government, because one will lead to another."

Chuyen and the others believe the United States made a mistake when it entered into peace negotiations in Paris and halted the bombing of North Vietnam.

"The allied political weapons are inferior to those of the Communists," Chuyen said. "But the allied weapons are superior. Why should you exchange your superior weapons for inferior ones?

"When I first heard of the complete bombing halt, I thought it must be a joke and I laughed, but when I realized that the United States was serious, I was dumbfounded by the stupidity."

Lt. Col. Phan Viet Dung, who commanded a North Vietnamese regiment, said, "And of course the Americans will be unable to begin the bombing again for fear of world opinion."

Lt. Col. Huynh Cu, the commander of a North Vietnamese training base, said the bombing halt "was a great victory over the aggressors. This was just what the north needed to boost sagging morale.

"Many people were having doubts about the claims made to them by the regime. In some areas, relations between the population and the regime were reaching dangerous proportions.

"They can use the bombing halt to gain back support from those who were beginning to doubt the wisdom of party leadership. For you see, the bombing halt will prove the party was right."

On the tacit agreement with Hanoi for the bombing halt—no massive infiltration across the demilitarized zone and no shelling of major cities—Dung said:

"This is like any other kind of trading. If you give something, you must get something. But what are you going to get in exchange? They will give you nothing but words. To believe them would be a mistake."

The colonel quoted a noted Japanese Communist as stating:

"The Westerners believe war and peace are two different things. The Westerner thinks it is right to deceive people in wartime but not in peacetime.

"The Communist believes that it is also right to deceive people in peacetime when making agreements with the enemy as well as in wartime because the Communist believes war and peace are the same thing."

He added, "Mao said that the closer to peace, the greater the danger. Now is the time to be most alert. At this time it is most difficult for you to see what is going on. The idea of peace may blind you."

Nixon Gives Public a Taste of Steak

(By Kenneth Elvin Grubbs, Jr.)

(The following appeared in the Philadelphia Bulletin November 7 along with three other disparate views of representatives of American youth groups. The features were written immediately after President Nixon's November 3 speech. Some critical references to the news media, noted the author, were edited out of this article.)

For the first time in all my years of President-watching—years for the most part that have been adolescent ones—I experienced the frightening feeling that the Chief Executive was not putting us on, or was not trying to assuage us with a rosy, eventual detente-with-the-Reds sort of world view that used to be the pablum LBJ fed us while our brothers were dying for Southeast Asia and for America.

No, fellow Americans, we were being fed steak.

If I can stop the culinary analogy before it gets out of hand, we were given the straightest presidential speech, I suspect, that we've had probably for a decade.

And for God's sake, an American President told us we were in Vietnam to ward off an otherwise inexorable march of Communists to take over South Vietnam—an historical abomination which would, in the minds of most conservatives, lead to a sealing off of the hemisphere by totalitarians.

In somewhat veiled terms President Nixon faulted Lyndon Johnson for dragging the war this long and for the naive negotiation syndrome. About time. About time also that, for the benefit of his saner critics, he quoted President Kennedy in behalf of our original commitment.

And isn't it nice—nice in terms of fighting the good fight with his emotional critics who find "atrocities" as the only argument against "the war"—that he cited to millions of Americans at prime the atrocities, I mean sickening, sadistic atrocities, committed by the enemy at Hue.

That was little publicized, wasn't it? Three thousand South Vietnamese buried alive, decapitated or tortured in even more unspeakable terms, because they were defined by Uncle Ho and company as "counterrevolutionary."

Now Mr. Nixon's speech felt good; but we obviously need to tone up with more of those hard-core pronouncements.

Just as the President signed off, after having detailed as best he could his plan for "Vietnamization," CBS news decided to air its very own footage of an atrocity committed by a South Vietnamese soldier against a captured enemy.

The captive, held on the ground, was stabbed in the stomach; some blood gushed from the wound, enough to make a viewer queasy, and the victim reportedly was shredded by a South Vietnamese knife.

We were spared witnessing that, the kind reporter said, himself stabbing the Nixon plan in its soft underbelly.

One wonders where the hell CBS was during the siege of Hue; why are there no reporters accompanying the NLF or VC?

Endurance, friends, endurance.

Vietnamization: What Does It Mean?

(A review by Ronald B. Dear)

The policies of the Johnson administration in Vietnam since 1965 were ill-conceived and have been the cause of much of the legitimate frustration over the conduct of the war.

This is a conclusion expressed in a new book by Sir Robert Thompson. Thompson, who is generally considered the world's foremost authority on counter-insurgency warfare, was the principal architect of the British victory over the Malayan Communist guerrillas in the late 1950's, and headed the British Advisory Mission to South Vietnam from 1961 to 1965. ("No Exit from Vietnam", David McKay Company, Inc., New York, $4.50).

The American military strategy since 1965 totally failed to grasp the nature of a "Peoples' Revolutionary War." Instead of concentrating on building a stable South Vietnamese government capable of controlling and eliminating the guerrilla insurgency throughout the countryside, the Johnson policy was one of "destruction of the enemy's main forces on the battlefield."

"The net effect of the 'search and destroy' strategy combined with a fixation on the infiltration routes was to disperse American forces in a positional instead of a mobile role all over the mainly unpopulated areas of the Vietnamese map." While American troops were winning on the casualty charts, the organization and structure of the enemy within South Vietnam was never threatened.

". . . the military strategy,, because it was not related to a winning aim, was largely irrelevant to the political results. At the very best, because it held some ground and helped maintain the existence of South Vietnam, the strategy might have achieved a stalemate. But in a People's Revolutionary War, if you are not winning you are losing, because the enemy can always sit out a stalemate without making any concessions. It was therefore, a no win strategy." Thompson suggests a counter-strategy unrelated to conventional warfare—the strategy that worked in Malaya. It will involve the systematic replacement of American troops with South Vietnamese—with the emphasis on quality rather than quantity.

The American aim should be revised to read: "To establish, at a cost acceptable to the United States, South Vietnam as a free, united and independent country which is politically stable and economically expand-

ing." This does not require a defeat of the North but only that its design to take over the South should be frustrated. To achieve the aim does, however, leave a long-haul, low-cost strategy as the only option. If this is the meaning of President Nixon's Vietnam policy, it should be worth a try. But in the meantime, Americans should be wary of any attempt to substitute "peace" for freedom anywhere in the world. The serious dissenter would do well to read "No Exit From Vietnam."

Mr. Speaker, on this same weekend, the members of Young Americans for Freedom and of the National Student Committee for Victory in Vietnam conducted teach-ins urging students to support President Nixon's efforts to attain a lasting and just peace, pointing out the reasons for our involvement in Vietnam, and showing the consequences of an irresponsible, immediate withdrawal. They circulated petitions on over 600 college campuses. These petitions will be presented to the North Vietnamese delegation to the Paris peace talks, to show that there is a large body of students who do not call for an immediate sellout to communism in Vietnam. I submit this petition for insertion in the proceedings at this point:

TELL IT TO HANOI

We, the people of the United States of America, call upon the government of North Vietnam to:

1. Renounce military victory in the South;
2. Agree to negotiate cease-fire under international supervision;
3. Agree to free elections in South Vietnam under international supervision;
4. Declare that they will abide by the political decision that results from free elections and renounce, as we have, all military bases in the South;
5. Support the right of the South Vietnamese to determine their own future without outside interference.

Our government agrees with and supports these points. We ask you to join us in our desire for the peaceful conclusion of the Vietnam war.

[Lines for signatures.]

The completed petitions will be sent to the North Vietnam delegation in Paris. Return to: "Tell It To Hanoi" c/o Y.A.F., 1221 Massachusetts Ave., NW., Washington, D.C. 20005.

I urge all of my colleagues in the House of Representatives and all Americans to join with Young Americans for Freedom in their responsible approach to conclude the war and attain lasting peace and freedom for the people of Vietnam.

Mr. FOREMAN. Mr. Speaker, I commend the distinguished gentleman from Ohio (Mr. LUKENS), for his forthright leadership in the recognition of the Young Americans for Freedom on their "Tell It to Hanoi" program.

I appreciate and commend the clean-cut, dedicated, outstanding young people, members of the Young Americans for Freedom, on their work and efforts toward the restoration and preservation of a strong, free America and a meaningful, lasting peace in Southeast Asia. Young Americans for Freedom typify the responsible voice of youth today.

Mr. STEIGER of Arizona. Mr. Speaker, Young Americans for Freedom has made a significant contribution to the Nation through its activities in acquainting many Americans—most especially youths—of the moral, political and military imperatives in supporting President Nixon's program of continuing to aid South Vietnam against North Vietnamese and Communist aggression.

No organization of younger adults has more stanchly resisted acceptance of the intellectual fallacies and simplistic temptations voiced by the purported humanitarians who would have the United States renege on its word, deny an ally and retreat to a posture of isolationism. Peace would not be served, YAF members realize, by acquiescence to such reasoning. Members of this organization are realist and rational enough to be able to learn from the lessons of history and to ignore the siren call of taking the easy way out.

In a concerted effort this past weekend, Young Americans for Freedom distributed several million copies of a carefully documented and intellectually honest paper "telling it as it is" on why it is vital to United States and Western interests to continuing providing assistance to South Vietnam. The cause of peace is well served by such efforts. In a follow-up action, petitions signed by Americans are to be sent to the North Vietnamese delegation in Paris requesting their Government to: First, renounce military victory in the South; second, agree to negotiate cease-fire under international supervision; third, agree to free elections in South Vietnam under international supervision; fourth, declare that they will abide by the political decision that results from free elections and renounce, as we have, all military bases in the south; fifth, support the right of the South Vietnamese to determine their own future without outside interference. Polls, mail, interviews all indicate that the "silent majority" of Americans support the President's initiatives to create a climate in which a just, honorable peace can be obtained for South Vietnam. I believe that the North Vietnamese delegation can expect an avalanche of petitions bearing American names.

North Vietnam will disregard the sentiments of this majority at its own peril. I would like to commend Young Americans for Freedom on their constructive service to the Nation and the cause of a just peace. It is time for more citizens to display the same.

Mr. ADAIR. Mr. Speaker, I rise to commend the efforts of Young Americans for Freedom in supporting the President in his quest for a just and honorable peace in Vietnam. The theme of their campaign is "Tell It to Hanoi." My understanding is that their endeavors on some 600 campuses in recent days have been very successful. This is no small thing. A student these days supporting an honorable end to the war in Vietnam runs certain risks. The radical elements on our campuses have demonstrated that they are not averse to using violence on those with whom they disagree. Further, students espousing the position taken by Young Americans for Freedom on this matter are inevitably subjected to ridicule and scorn by some members of the faculty who know all the answers to the Vietnam problems—safe and snug behind their lecture podiums. Therefore, I salute these young people who are working in a constructive manner to support our President and who dare to challenge the arrogance of our campus radicals.

Mr. BUCHANAN. Mr. Speaker, I am pleased to join with my distinguished colleague from Ohio (Mr. LUKENS) in commending the members of Young Americans for Freedom for their recent efforts to put the "silent majority" on record in support of President Nixon's policy to bring about a just and lasting peace in Vietnam. Most importantly, the Young Americans for Freedom are taking the initiative to see that the North Vietnamese delegation in Paris is aware of the extent of support in this country for the President's peace efforts as well as the strong resolve on the part of our Nation's citizens that the people in South Vietnam should be guaranteed the right to determine their own future through free elections.

During recent weeks the members of Young Americans for Freedom have distributed petitions on over 600 college campuses, affording the many students who support our Nation's efforts to guarantee the freedom and self-determination of the South Vietnamese people an opportunity to stand up and be counted. The petitions, which will be sent to the North Vietnam delegation in Paris, call upon the Government of North Vietnam to: First, renounce military victory in the South; second, agree to negotiate cease-fire under international supervision; third, agree to free elections in South Vietnam under international supervision; fourth, declare that they will abide by the political decision that results from free elections and renounce, as we have, all military bases in the South; and fifth, support the right of the South Vietnamese to determine their own future without outside interference.

Mr. Speaker, we have heard from those who do not support our President's efforts for a lasting peace in Vietnam. They made their views known loud and clear during the recent moratorium activities, as they had every right to do under our Nation's Constitution. Those who feel otherwise, however, have an equal right to be heard on this important issue and I sincerely appreciate the efforts being undertaken by Young Americans for Freedom toward insuring that these people are given an effective means to express their convictions.

On Monday night of this week, the President reiterated his disappointment over the lack of progress at the Paris negotiating table. There is little doubt in my mind that this situation will not improve so long as Hanoi has reason to believe that the people of the United States do not support their President's efforts toward peace in Vietnam and that they are willing to "sue for peace at any price." The North Vietnamese will take no steps toward peace so long as they believe that the United States will be forced in time by its own citizens to abandon the principles of peace and self-determination for which we have fought so long in this unfortunate war. It is my profound hope that this misguided belief will be dispelled through such actions as those now being taken by the Young Americans for Freedom.

I commend the thousands of young people who have participated in this worthwhile endeavor initiated by the Young Americans for Freedom and am certain that millions of Americans share my appreciation for their actions.

LEGISLATION TO ENCOURAGE STATE AND LOCAL TAX REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. FARBSTEIN) is recognized for 15 minutes.

Mr. FARBSTEIN. Mr. Speaker, I have today introduced H.R. 15301, H.R. 15302, and H.R. 15303, bills to provide financial incentives to States and localities to reform their tax structures.

Under these bills, the Federal Government would reimburse State and local governments for half of their revenue lost under tax reform. The measures are aimed at inducing governments to make sales, property, and income tax more progressive. The revenue received from the Federal Government could be used for programs to benefit low-income persons.

It is no secret that the sales and property taxes are regressive measures which hurt the low- and middle-income families at the expense of the wealthy. As inequitable as the Federal income tax system is, it pales by comparison with the tax structures of many State and local governments. This is particularly important as the State and local tax bite is increasing at a much faster rate than is that from the Federal Government.

TABLE 1.—FEDERAL AND LOCAL TAX COLLECTIONS

[Dollars in billions]

	1960	1968	Percent change
Actual:			
Federal	$99.8	$165.2	66
Local	$53.3	$100.4	88
Per capita (in dollars):			
Federal	484	667	38
Local	242	421	74

There is a great deal of talk of tax reform at the Federal level, and this is all to the good. But the biggest tax bite of all comes at the State and local level and reform is needed there most of all. Federal tax relief for low- and middle-income families means little if the State and the cities continue to prey on these very people.

The property tax is the most regressive tax of all. According to figures compiled by the Tax Foundation for 1965, the average family with an income under $2,000 paid three times the percentage of their incomes in taxes as the family earning over $15,000.

TABLE 2.—FEDERAL, STATE AND LOCAL TAXES AS A PERCENTAGE OF TOTAL INCOME FOR ALL FAMILIES BY INCOME CLASS—1965

	Under $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $7,499	$7,500 to $9,999	$10,000 to $14,999	$15,000 and over	
Federal Individual income tax	1.9	3.1	4.5	6.4	6.9	7.7	8.8	10.0	16.1	8.3
State and local:										
Property	6.9	5.2	4.7	4.2	4.2	3.8	3.5	3.3	2.4	3.8
Sales, excise, etc	6.1	5.5	5.6	5.2	5.1	4.8	4.4	4.0	2.6	4.6
Individual income tax	.2	.2	.3	.5	.6	.6	.8	.8	1.3	.7

Source: Tax Foundation, Inc., Tax Burdens and Benefits of Government Expenditures by Income Class, 1961 and 1965, table 7.

The most visible example of the severe hardship imposed on low income households is the burden imposed on elderly householders. With retirement, the flow of income drops sharply and a yearly property tax bill of, say, $500 that once could be taken in stride becomes a disproportionate claim on the income of an elderly couple living on a pension of $1,500 a year. By the same token, if the flow of income falls sharply as a result of the death or physical disability of the breadwinner, or unemployment, then again payment of the residential property tax can become an extraordinary tax burden.

A study by the Wisconsin Tax Department in 1965, for example, found that over 5,000 elderly households were forced to turn over more than 20 percent of their total money income to the residential property tax collector. This Wisconsin study also revealed that there were 841 households headed by elderly persons who were paying out on the average 55 percent of all of their total money income to the local property tax collector. These householders were obliged to draw on their savings to pay this tax on shelter. Compared to the average family's property tax burden—3 to 4 percent of household income, this situation not only violated the ability-to-pay principle, it produced a catastrophic family expense situation.

From the standpoint of ability to pay, the general sales tax is an upside down revenue measure. The burden declines as income rises. This is because a person's nutritional needs do not correlate with his income. For 1965, the average family with an income under $2,000 paid 2½ times the percentage of its income in sales tax than did the family earning over $15,000. See Table 2. It is clear from this that a tax on food is a tax on the poor people who spend a greater proportion of their income on food. The flat-rate State income tax can impose a major hardship on the poor. They may be paying the same percentage of their income to the State as the more well-to-do, but the amount represents a more significant bite out of their income. What makes it doubly significant is that it is the fastest growing of any of the local taxes.

The three bills I have introduced would provide financial incentives to the States to reform these tax structures. One would stimulate property tax rebates for low-income property owners and apartment dwellers. The second would stimulate State and localities to exempt food from the sales tax or provide a rebate to the poor for the payment of sales taxes on food. The third would encourage States to adopt standard deductions at least as liberal as those found in the Federal income tax.

In all three cases, the Federal Government would reimburse the State and localities for one-half the revenue lost on a formula basis. States which already have taken action to establish any of the reforms set forth in these bills would be eligible to receive the Federal compensation as well. If all three bills were adopted, payments to States and localities would run approximately $2 billion the first year of the program. I have introduced them separately to emphasize that each reform could be undertaken separately, taking into account the Federal resources available to finance them.

In order to bring the payment of the property tax more in line with the ability to pay principle, State governments should reimburse those property owners and renters forced to make an extraordinary tax contribution in relation to their limited income.

The point must be emphasized that an affluent society should be able to finance its public services without forcing low-income households through the property tax wringer. A model for State action can be found in Wisconsin's and Minnesota's plan calling on the State to reimburse those elderly homeowners and renters for that part of their property tax bill excessive in relation to household income. The results of this program in Wisconsin are suggested in table 3.

TABLE 3.—WISCONSIN'S "CIRCUIT BREAKER" SYSTEM FOR PROTECTING LOW INCOME HOUSEHOLDERS FROM PROPERTY TAX OVERLOAD SITUATIONS 1966

Household income class	Number of beneficiaries	Average household income	Average taxes before relief	Average taxes after relief	Percent of tax burden relieved	Tax burden before relief [1] (percent)	Tax burden after relief [1] (percent)
$0	146	$0	$210	$54	75	----------	----------
$1 to $499	1,373	302	174	47	73	58	16
$500 to $999	7,788	790	175	50	71	22	6
$1,000 to $1,499	13,947	1,259	199	98	51	16	8
$1,500 to $1,999	14,423	1,749	221	130	41	13	8
$2,000 to $2,499	11,274	2,232	239	166	31	11	8
$2,500 to $2,999	7,021	2,728	266	216	19	10	8
$3,000 to $3,500	3,317	3,200	284	269	5	9	8

[1] Tax burden is expressed as the percent of household income allocated to pay taxes before and after the relief program. Property taxes include rent paid in lieu of taxes.

Source: Wisconsin Department of Revenue—Kenneth E. Quindry and Billy D. Cook, "The Effects on Income Redistribution and Residential Property Tax Regressivity of the Wisconsin Homestead Relief Program—Its Antipoverty Role and Possible Extensions" (manuscript to be published).

H.R. 15301 would reimburse a State one-half of the cost incurred in extending aid to those homeowners and renters found to be carrying an extraordinary tax load in relation to their household income. If Wisconsin-type guidelines were broadened to cover all homeowners and renters, not just the elderly, Federal reimbursement costs would probably approximate $200 million assuming that all 50 States join this program.

In order to remove the regressive stinger from the sales tax, a State can exempt purchases of food for home consumption or tax them, or drugs, at a lower rate. This, unfortunately, is a costly approach. Such exemptions can cut sales tax collections by as much as 25 percent or more where tax enforcement is not effective. Another approach is to provide personal credits against the income tax for food and drugs sales tax payment with refunds for those persons whose income is either too low to take full advantage of the tax credit or below the income tax filing requirement. Indiana, for example, has a system where each person is granted an $8 sales tax credit. This figure is based on an "assumed" food and drug purchase of $400 for each person multiplied by Indiana's 2 percent for the year from which I am taking my data sales tax rate. Thus, a family of four is automatically entitled to a $32 reduction on its Indiana individual income tax or a cash refund of $32 if it has no State income tax liability.

A second approach which is even more sophisticated is the diminishing sales tax credit. Hawaii pioneered this approach in 1965 with its credits for consumer-type taxes ranging from $18 per qualified exemption for taxpayers having a income of less than $1,100 to $.45 per exemption for those with incomes of $6,-300 or more. This vanishing type of credit scores high from the standpoint of maximizing tax yield. See table 4 for an analysis of these various reforms and table 5 for a list of States with sales tax reforms.

TABLE 4.—ESTIMATED EFFECTIVE SALES TAX RATES FOR A 2-PERCENT SALES TAX UNDER ALTERNATIVE EXEMPTION PLANS, BY SELECTED INCOME CLASSES

Income class	Average family size	Average annual income after taxes	Alternative 1, no exemption		Alternative 2, exempting food [1]		Alternative 3, $6 credit per person		Alternative 4, diminishing credit [2]	
			Sales tax	Effective rate	Sales tax	Effective rate	Sales tax (after credit)	Effective rate	Sales tax (after credit)	Effective rate
Under $1,000	1.2	$704	$14.90	2.12	$9.76	1.39	$7.70	1.09	$2.90	0.41
$1,000 to $1,999	1.6	1,532	23.02	1.50	13.90	.91	13.42	.88	7.02	.46
$2,000 to $2,999	2.4	2,510	35.38	1.41	23.20	.92	20.98	.84	16.16	.64
$3,000 to $3,999	2.5	3,480	45.88	1.32	31.04	.89	30.88	.89	25.88	.74
$4,000 to $4,999	3.0	4,487	60.56	1.35	42.58	.95	42.56	.95	42.56	.95
$5,000 to $5,999	3.4	5,476	71.52	1.30	50.40	.92	51.12	.93	51.12	.93
$6,000 to $7,499	3.7	6,700	85.74	1.28	61.78	.92	63.54	.95	63.54	.95
$7,500 to $9,999	4.0	8,557	106.04	1.24	79.06	.92	82.04	.96	90.04	1.05
$10,000 to $14,999	4.3	11,510	134.68	1.17	104.56	.91	108.88	.95	126.08	1.09
$15,000 and over	3.7	21,567	199.02	0.92	158.42	.73	176.82	.82	199.02	.92

[1] Food prepared in the home.
[2] Diminishing credit per person equal to $10 if average annual income after taxes is less than $2,000; $8 if between $2,000 and $3,999; $6 between $4,000 and $7,499; $4 between $7,500 and $9,999; $2 between $10,000 and $14,999; no credit if income is $15,000 or over.

Source: Analysis of alternative sales tax exemption plans prepared for the Indiana Senate Finance Committee by Charles F. Bonser, resident director, Commission on State Tax and Financing Policy, Jan. 18, 1965.

TABLE 5.—STATE USE OF PERSONAL INCOME TAX CREDITS AND CASH REBATES TO MINIMIZE OR OFFSET THE REGRESSIVITY OF SALES AND PROPERTY TAXES [1]

State	Type of credit	Year adopted	Amount of credit	Law	Administrative procedure
Colorado	For sales tax paid on food.	1965	$7 per personal exemption (exclusive of age and blindness).	Ch. 138, art. 1, (secs. 138-1-18 and 138-1-19 added by H. B. 1119, laws 1965, effective June 1, 1965)	Credit to be claimed on income tax returns. For resident individuals without taxable income a refund will be granted on such forms or returns for refund as prescribed by the director of revenue.
Hawaii	For consumer-type taxes.	1965	Varies, based on income [2]	Ch. 121 (secs, 121-12-1 and 121-12-2 added by Act 155, laws 1965)	The director of taxation shall prepare and prescribe the appropriate form or forms to be used by taxpayers in filing claims for tax credits. The form shall be made an integral part of the individual net income tax return. In the event the sales tax credits exceed the amount of the income tax payments due, the excess of credits over payments due shall be refunded to the taxpayer.
Indiana	For sales tax paid on food.	1963	$8 per personal exemption (exclusive of age and blindness).	Ch. 50 (ch. 30, sec. 6d added by H. B. 1226, laws 1963, 1st special sess., effective April 20, 1963).	Credit to be claimed on income tax returns. If an individual is not otherwise required to file a return, he may obtain a refund by filing a return, completing such return insofar as may be applicable, and claiming such refund.
Iowa	For sales taxes paid.	1967	Varies, based on income [3]	Ch. 422 (sec. 18 added by H.B. 702, laws 1967).	Tax credit or refund to be claimed on income tax return. If an individual is not otherwise required to file a return, he may obtain a refund by furnishing the department of revenue with proof of his taxable income and the number of his personal exemptions.
Massachusetts	For consumer-type taxes.	1966	$4 for taxpayer, $4 for spouse, if any, and $8 for each qualified dependent.[4]	Ch. 62 (sec. 6b added by ch. 14, acts 1966).	Same as Indiana.
Minnesota	For senior citizen homestead relief.[5]	1967	Varies with income from 75 to 10 percent of property tax or equivalent rent not to exceed $300 (maximum credit $225).	Ch. 32 (H.B. 27) art VI	Tax credit or refund to be claimed on income tax return. Department of taxation shall make available a separate schedule for information necessary to administration of this section and the schedule shall be attached and filed with the income tax return. Cash refund granted if property tax credit exceeds State personal income tax liability.
	Tax relief for renters.	1967	3.75 percent of the total amount paid by claimant as rent, not to exceed $45.[6]	Ch. 32 (H.B. 27) art XVII	Same as above.
Nebraska	For sales tax paid on food.	1967	$7 per personal exemption (exclusive of age and blindness).	H.B. 377, laws 1967	Credit to be claimed on income tax returns. Refund will be allowed to the extent that credit exceeds income tax payable but no refund will be made for less than $2.
Wisconsin	For senior citizen homestead tax relief.	1963	Varies, based on income and amount of property tax or rental payment.	Ch. 71 (sec. 7109 (7) added by ch. 566 (A.B. 301) eff. June 10, 1964. ch. 580 (A.B. 907) repealed and recreated sec. 71. 09(7) effective Dec. 19, 1964.	Tax credit or refund to be claimed on income tax return. The department of taxation shall make available a separate schedule which shall call for the information necessary to administering this section and such schedule shall be attached to and filed with the Wisconsin income tax form. Cash refund granted if property tax credit exceeds State personal income tax due.

[1] If a taxpayer has no State personal income tax liability or a tax liability insufficient to absorb the entire credit (a negative tax credit situation) he is entitled to the appropriate cash refund. If the taxpayer's State personal liability is equal to or greater than the tax credit, his personal income tax liability is reduced by the amount of the credit (a positive tax credit situation).
[2] The credits for consumer-type taxes are based on "modified adjusted gross income" (regular taxable income plus exempt income such as social security benefits, life insurance proceeds, etc.) and range from $20 per qualified exemption for taxpayers having a modified adjusted gross income of less than $1,000 to $1 per exemption where such income is between $5,000 and $6,999.
[3] Ranges from $12 per qualified exemption for taxpayers having taxable income under $1,000 to 0 where such income is over $7,000.
[4] Credits are only allowed if total taxable income of taxpayer and spouse, if any, does not exceed $5,000 for the taxable year.
[5] All homeowners residing in their own homes are allowed a direct reduction of their property taxes due by means of the homestead property tax credit. This credit amounts to 35 percent of the tax levy, excluding the amount levied for bonded indebtedness, to a maximum credit of $250. Since senior citizen homeowners also receive this credit the amount of the homestead property tax credit must be applied against the amount of the senior citizen income tax credit claimed. Local governments are reimbursed for their tax loss from the State property tax relief fund.
[6] Elderly may choose this relief or senior citizen relief but not both.

H.R. 15302 would reimburse a sales tax jurisdiction—States and local governments—one-half of the amount of revenue currently foregone as a result of either exempting food purchases or making appropriate tax credit and refund adjustments. This "reward" approach would both strengthen the revenue position of those jurisdictions now exempting food and provide a powerful incentive to the other sales tax States to pull the regressive stinger from their State and local levies. If all 44 sales tax States had exempted food purchases, Federal reimbursement grants would have approximated $850 million in 1966.

TABLE 6.—HYPOTHETICAL FEDERAL PER CAPITA GRANT FOR STATE GENERAL SALES TAX EXEMPTION OR CREDIT FOR FOOD TAX PAYMENTS

[Dollar amounts in millions]

State	State general sales tax rate, Jan. 1, 1967 (percent)	State general sales tax collection, 1966	Estimated population, Dec. 31, 1965 [1]	Estimated cost of exempting food [2]	Grant (⅓ of exemption cost) Amount	Grant (⅓ of exemption cost) Percent of State general sales tax collection
19 States exempting or allowing a credit for food: [3]						
California (exempt)	3	$1,099.4	18,763,000	$168.9	$84.5	7.7
Colorado (credit)	3	98.7	1,973,000	17.8	8.9	9.0
Connecticut (exempt)	3.5	136.4	2,854,000	30.0	15.0	11.0
District of Columbia (food 1 percent)	3	42.3	804,500	7.2	3.6	8.5
Florida (exempt)	3	283.1	5,873,000	52.9	26.5	9.4
Hawaii (credit) [4]	4	93.5	714,500	8.6	4.3	4.6
Indiana (credit)	2	[5] 163.7	4,902,000	29.4	14.7	9.0
Maine (exempt)	4	52.3	988,000	11.9	6.0	11.5
Maryland (exempt)	3	127.3	3,567,000	32.1	16.1	12.6
Massachusetts (exempt)	3	[6] 16.5	5,366,000	48.3	24.2	(7)
Minnesota (exempt)	[8] 3		3,565,500	32.1	16.1	(7)
Nebraska (credit)	[9] 2.5		1,466,500	11.0	5.5	(7)
New Jersey (exempt)	[10] 3		6,836,500	61.5	30.8	(7)
New York (exempt)	2	[11] 298.4	18,166,500	109.0	54.5	[12] 16.7
Ohio (exempt)	3	354.2	10,276,000	92.5	46.3	13.1
Pennsylvania (exempt)	5	599.3	11,552,000	173.3	86.7	14.5
Rhode Island (exempt)	4	45.7	894,500	10.7	5.4	11.8
Texas (exempt)	2	240.8	10,652,000	63.9	32.0	13.3
Wisconsin (exempt)	3	92.1	4,153,000	37.4	18.7	20.3
Mean	3.1	3,743.7	113,367,500	998.5	499.3	[13] 10.8
Median	3.0					
26 States taxing food:						
Alabama	4	$166.7	$3,490,000	$41.9	$21.0	12.6
Arizona	3	96.2	1,613,500	14.5	7.3	7.6
Arkansas	3	84.4	1,957,500	17.6	8.8	10.4
Georgia	3	227.2	4,408,500	39.7	19.9	8.8
Idaho	3	28.4	693,000	6.2	3.1	10.9
Illinois	3.5	669.5	10,684,000	112.2	56.1	8.4
Iowa	2	114.0	2,753,500	16.5	8.3	7.3
Kansas	3	113.4	2,242,000	20.2	10.1	8.9
Kentucky	3	126.9	3,181,000	28.6	14.3	11.3
Louisiana	2	139.4	3,568,500	21.4	10.7	7.7
Michigan	4	657.7	8,297,000	99.6	49.8	7.6
Mississippi	3.5	121.0	2,324,500	24.4	12.2	10.1
Missouri	3	243.8	4,503,000	40.5	20.3	8.3
Nevada	2	23.4	447,000	2.7	1.4	6.0
New Mexico	3	67.0	1,025,500	9.2	4.6	6.9
North Carolina	3	188.2	4,957,000	44.6	22.3	11.8
North Dakota	2.5	23.6	651,000	4.4	2.2	9.3
Oklahoma	2	74.1	2,470,500	14.8	7.4	10.0
South Carolina	3	106.1	2,564,500	23.1	11.6	10.9
South Dakota	3	26.9	692,500	6.2	3.1	11.5
Tennessee	3	177.7	3,864,500	34.8	17.4	9.8
Utah	3	53.8	999,000	9.0	4.5	8.4
Virginia	[14] 2		4,481,500	26.9	13.5	(7)
Washington	4½	[6] 296.6	2,985,000	37.6	18.8	6.3
West Virginia	3	[5] 54.5	1,803,000	16.2	8.1	14.9
Wyoming	2½	18.6	334,500	2.5	1.3	7.0
Mean	2.9	3,899.1	76,991,500	715.3	357.7	[15] 8.8
Median	3.0					
Grand total (44 States (mean)	3.0	7,642.8	190,359,000	1,713.8	856.9	[16] 9.7

[1] Average of estimated population for July 1, 1965, and July 1, 1966 (excluding Armed Forces overseas).
[2] Based on an estimated cost of $3 per capita per year for each 1 percent of tax.
[3] Includes the District of Columbia which taxes food at 1 percent of (⅓ of the general sales tax rate).
[4] Assuming that Hawaii's diminishing type consumer tax credit meets the antiregressitivity objective of the proposed Federal sales tax grant.
[5] Excludes "business and occupation gross receipts taxes" in Indiana, Washington, and West Virginia.
[6] Partial year collections. Tax effective Apr. 1, 1966.
[7] New sales tax effective after beginning of fiscal year 1966, not available.
[8] New sales tax effective Aug. 1, 1967.
[9] New sales tax effective June 1, 1967.
[10] New sales tax effective July 1, 1966.
[11] Partial year collections. Tax effective Aug. 1, 1965.
[12] Based on estimated full year collections. Fiscal year 1966 collections increased by 9.1 percent.
[13] Average for the 13 States and the District of Columbia with full year collections.
[14] New sales tax effective Sept. 1, 1966.
[15] Average for the 25 States with full year collections.
[16] Average for the 38 States and the District of Columbia with full year collections.

A flat rate State income tax can be made progressive with a sufficient personal exemption. The size and nature of that personal exemption has an extremely important bearing on the productivity and incidence of an individual income tax. Since the personal exemptions in use today do not vary with size of income, they contribute to the progressiveness of the tax. A flat-rate income tax with personal exemptions is "progressive" as that concept is usually defined because with such a tax the yield-income ratio rises as income rises. Table 7 illustrates this principle. The 5-percent flat-rate income tax shown in the example is "diminishing-progressive" because the tax ratio—the "effective rate"—starts at zero and approaches—but never quite reaches—5 percent as income rises.

TABLE 7.—EFFECT OF A 5 PERCENT FLAT-RATE INCOME TAX WITH A $1,000 PERSONAL EXEMPTION ON THE TAX OWED BY A SINGLE TAXPAYER AT SELECTED INCOME LEVELS

Income	Personal exemption	Taxable income	Tax rate (percent)	Tax owed	Tax income ratio
$900	$1,000	[1] —$100	5	0	0.0000
$2,000	1,000	1,000	5	$50	.0250
$3,000	1,000	2,000	5	100	.0333
$5,000	1,000	4,000	5	200	.0400
$10,000	1,000	9,000	5	450	.0450
$20,000	1,000	19,000	5	950	.0475
$100,000	1,000	99,000	5	4,950	.0495

[1] Or zero.

H.R. 15303 would provide a direct Federal per capita grant to the State or local government for a personal exemption of at least $600 applied to the income tax. Just as the sales tax grant would reimburse a State one-half the cost of a food exemption, a $3 per capita income tax grant—for each 1 percent tax—would reimburse a jurisdiction one-half the cost of a $600 personal exemption.

TABLE 8.—HYPOTHETICAL FEDERAL PER CAPITA GRANT ADJUSTED FOR 1965 STATE PERSONAL INCOME TAX EFFORT

State	Estimated population, Dec. 31, 1965 [1] (thousands) (excluding Armed Forces overseas)	Basic grant Per capita	Basic grant Total (thousands) (before adjustment)	State personal income tax effort [2]	Total grant (adjusted) Amount (thousands)	Total grant (adjusted) As percent of 1966 State personal income tax collection
United States	194,837	$3	$584,513	3.0	$1,082.2	25.4
Alabama	3,490	3	10,470	1.9	19.9	37.3
Alaska	262	3	788	4.8	3.8	19.8
Arizona	1,613	3	4,841	1.4	6.8	31.3
Arkansas	1,957	3	5,873	2.2	12.9	47.1
California	18,763	3	56,289	1.6	90.1	19.8
Colorado	1,973	3	5,919	[3] 3.5	20.7	25.1
Connecticut	2,854	$3	$8,562	0	0	
Delaware	508	3	1,526	5.5	$8.4	16.8
District of Columbia	804	3	2,414	3.0	7.2	18.1
Florida	5,873	3	17,619	0	0	
Georgia	4,408	3	13,226	1.9	25.1	31.3
Hawaii	714	3	2,144	[3] 5.6	12.0	23.0
Idaho	693	3	2,079	4.4	9.1	31.2
Illinois	10,684	3	32,052	0	0	

Footnotes at end of table.

TABLE 8.—HYPOTHETICAL FEDERAL PER CAPITA GRANT ADJUSTED FOR 1965 STATE PERSONAL INCOME TAX EFFORT—Continued

State	Estimated population, Dec. 31, 1965 [1] (thousands) (excluding Armed Forces overseas)	Basic grant		State personal income tax effort [2]	Total grant (adjusted)	
		Per capita	Total (thousands) (before adjustment)		Amount (thousands)	As percent of 1966 State personal income tax collection
Indiana	4,902	$3	$14,706	[3] 2.7	$39.7	22.2
Iowa	2,753	3	8,261	2.7	22.3	25.7
Kansas	2,242	3	6,726	3.0	20.2	27.7
Kentucky	3,181	3	9,543	2.6	24.8	35.6
Louisiana	3,568	3	10,706	1.0	10.7	35.1
Maine	988	3	2,964	0	0	
Maryland	3,567	3	10,701	2.7	28.9	18.1
Massachusetts	5,366	3	16,098	[3] 3.2	51.5	19.7
Michigan	8,297	3	24,891	[4] 2.2	54.8	[5]
Minnesota	3,565	3	10,697	5.4	57.8	26.1
Mississippi	2,324	3	6,974	.8	5.6	57.7
Missouri	4,503	3	13,509	1.5	20.3	24.7
Montana	704	3	2,112	2.9	6.1	28.9
Nebraska	1,466	3	4,400	[5] (3.0)	13.2	[5]
Nevada	447	3	1,341	0	0	
New Hampshire	675	3	2,025	0	0	
New Jersey	6,836	3	20,510	0	0	
New Mexico	1,025	3	3,077	1.4	4.3	32.3
New York	18,166	3	54,500	4.3	234.4	18.4
North Carolina	4,957	$3	$14,871	3.9	$58.0	35.1
North Dakota	651	3	1,953	1.7	3.3	35.9
Ohio	10,276	3	30,828	0	0	
Oklahoma	2,470	3	7,412	1.3	9.6	31.7
Oregon	1,927	3	5,783	5.9	34.1	23.1
Pennsylvania	11,552	3	34,656	0	0	
Rhode Island	894	3	2,684	0	0	
South Carolina	2,564	3	7,694	2.8	21.5	40.6
South Dakota	692	3	2,078	0	0	
Tennessee	3,864	3	11,594	0	0	
Texas	10,652	3	31,956	0	0	
Utah	999	3	2,997	3.9	11.7	30.8
Vermont	401	3	1,203	5.5	6.6	30.6
Virginia	4,481	3	13,445	3.3	44.4	26.9
Washington	2,985	3	8,955	0	0	
West Virginia	1,803	3	5,409	1.4	7.6	32.1
Wisconsin	4,153	3	12,459	6.0	74.8	23.4
Wyoming	334	3	1,004	0	0	

[1] Average of estimated population for July 1, 1965, and July 1, 1966.
[2] Effort is defined as State personal income tax collections in 1966 as a percent of Federal taxable income in 1965, X100.
[3] Effort based on actual State collections adjusted upward to account for State sales tax credit.
[4] Based on an estimate of $290,000,000 ("gross" income tax liability before deducting property and municipal income tax credits) related to 1965 Federal taxable income.
[5] New State income tax. No collections fiscal year 1966. The tax effort figure used for Nebraska is the U.S. average.

These proposed Federal reimbursement grants are designed to help those States that help themselves, or to be more specific, to reward those States that are willing to go the extra mile in constructing an equitable and productive revenue system. For example, in 1966 the State of Wisconsin spent approximately $5 million granting relief to homeowners found to be carrying extraordinary property tax burdens in relation to their income. That State also exempted food purchases from its retail sales tax and made relatively intensive use of the personal income tax. Thus, under this reimbursement plan, Wisconsin for that year would receive $2.5 million for its property tax effort, $18.7 million as sales tax reimbursement—table 6, and $74.8 million—table 8—for its income tax effort—or a reimbursement total of approximately $95 million to be used for programs to benefit low-income persons.

By contrast, its neighbor Illinois would receive nothing, because in 1966, Illinois made no effort to help those property owners carrying extraordinary burden. It did not exempt food from its 3.5 percent State sales tax, nor did it impose a personal income tax. There is every reason to believe, however, that Illinois would be encouraged by these plans to exempt food and impose a personal income tax.

To put the matter more sharply, while tax sharing arrangements would tend to reduce the pressure on States to "shape up" their revenue systems, these reimbursement grants would hurry State tax reform efforts along.

It should also be noted that these reimbursement grants could help local governments in general and the big cities in particular. New York City, for example, exempts food from its 3 percent sales tax and imposes an individual income tax with personal exemptions. New York City, therefore, should be entitled to a sales tax reimbursement estimated at approximately $35 million and a per capita income tax grant of approximately $40 million. This type of direct Federal grant to cities could be made while avoiding the trauma involved in devising a Federal revenue sharing plan with a local "pass-through" provision.

The text of the three bills follows:

H.R. 15301

A bill to encourage State and local governments to reform their tax systems so as to decrease the property tax burden of low-income taxpayers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "State and Local Property Tax Reform Act of 1970".

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) State.—The term "State" means a State or the District of Columbia.

(2) The term "jurisdiction" means a State or political subdivision of a State.

(3) Secretary.—The term "Secretary" means the Secretary of the Treasury.

(4) Qualifying Personal Income Tax.—The term "qualifying personal income tax" means an income tax imposed on individuals which—

(A) (i) allows as a deduction in determining taxable income personal exemptions for the taxpayer, his spouse (unless she files a separate return), and his dependents, and provides an aggregate deduction in the case of a return on which personal exemptions are claimed for taxpayer, spouse, and two dependents of at least $2,400,

(ii) provides for computation of tax by means of tables which are designed to impose amounts of tax equivalent to the amount of tax which would be imposed if deductions for personal exemptions were allowed in accordance with clause (i), or

(iii) allows as a credit against tax, personal exemption credits for the taxpayer, his spouse (unless she files a separate return), and dependents, and provides for an aggregate credit in the case of a return on which a personal exemption is claimed for the taxpayer, his spouse, and two dependents, in an amount not less than the tax imposed (in absence of the credit) on the first $2,400 of taxable income, and

(B) does not limit the number of personal exemptions allowed on account of dependents who are children of the taxpayer.

SEC. 3. REIMBURSEMENT TO JURISDICTIONS PROVIDING PROPERTY TAX RELIEF TO LOW-INCOME TAXPAYERS.

(a) Entitlement to Reimbursement.—If the Secretary determines that a jurisdiction has established a qualifying property tax relief program which meets the requirements of subsection (b) and that such jurisdiction will expend the proceeds of any reimbursement to which it is entitled under this section for the purposes specified in section 4, then the Secretary shall reimburse such jurisdiction under subsection (c) for a portion of its revenue loss in each fiscal year arising out of the operation of such program.

(b) Qualifying Property Tax Relief Program.—For purposes of this section—

(1) Definition.—The term "qualifying property tax relief program" means—

(A) a program established by a State by law which provides for credit against income taxes imposed by a jurisdiction in such State, or a cash rebate, or both, or

(B) a program established by a jurisdiction (other than a State) which provides for credit against a qualifying personal income tax imposed by such jurisdiction,

to low-income households in such State or jurisdiction, the direct or indirect property tax burden of which is considered by such State or jurisdiction to be extraordinary in relation to the income of such household. Under such a program, no household's direct and indirect property tax burden may be considered extraordinary in relation to its income unless its income does not exceed $1,000, or unless such tax burden exceeds 5 percent of its income. Such a program may provide that only households a principal member of which has attained the age of 65 are eligible for benefits under the State's program.

(2) Income limitations.—The program must establish income limitations for households considered to be low-income households, but in establishing such limitation it may not include any household which ranks above the lowest quartile in income in the jurisdiction.

(3) Direct and indirect property tax burden.—The term "direct and indirect property tax burden" means (A) real property taxes imposed on the principal residence of a household, if such residence is owned (and such taxes are paid) by a member of the household; or (B) if such residence is not owned by a member of such household, 25 percent of any rental paid with respect to such residence.

(4) Household; household income.—The membership of a household, and the income of a household shall be determined under the law of the jurisdiction which receives reimbursement, but the income of a household must include wage and salary disbursements, other labor income, proprietors' and rental income, interest and dividends, and transfer payments.

(c) Amount of Reimbursement.—The Secretary shall pay for each fiscal year to each jurisdiction which has a qualifying property tax relief program an amount equal to the lesser of—

(1) 50 percent of the revenue foregone by such jurisdiction during such fiscal year by reason of the operation of such program, or

(2) 2 percent (1 percent in the case of a program limited to households the principal member of which has attained the age of 65) of the aggregate amount of real property taxes collected by such jurisdiction and the political subdivisions (if any) of such jurisdiction during such fiscal year.

In determining revenue loss for purposes of paragraph (1), any revenue loss attributable to a credit or a rebate (or both) to any household in a fiscal year in excess of $500 shall be disregarded.

SEC. 4. USE OF PROCEEDS.

(a) Programs Benefiting Low-Income Residents.—The Secretary may pay a jurisdiction the amount to which it is entitled under section 3 for a fiscal year only if he receives assurances from such jurisdiction that such amount will be used for programs which the Secretary determines (in accordance with regulations prescribed by him after consultation with the Secretaries of Health, Education, and Welfare and of Housing and Urban Development and with the Director of the Office of Economic Opportunity) benefit the low-income residents of such jurisdiction.

(b) Pass-Through Requirement.—If a jurisdiction collects a tax with respect to which reimbursement is made under this Act, and if a portion of such tax is required to be transferred by the jurisdiction to another jurisdiction, the Secretary shall by regulation require that such portion of such reimbursement as he determines to be equitable to be transferred to such other jurisdiction.

SEC. 5. ADMINISTRATION.

(a) Application, Etc.—

(1) A jurisdiction which desires to receive payment under this Act for a fiscal year shall make an application therefor at such time, in such manner, and containing such information as the Secretary shall prescribe by regulation. Payment may be made to a jurisdiction only if its application for payment is approved by the Secretary. The Secretary may not finally disapprove any application submitted under this Act, or any modification thereof, without first affording the jurisdiction submitting the application reasonable notice and opportunity for a hearing.

(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing to a jurisdiction which is receiving reimbursement under section 3, finds that—

(A) such jurisdiction no longer has a qualifying property tax relief program, or

(B) the proceeds of such reimbursement are not used in the manner provided by section 4,

the Secretary shall notify such jurisdiction that it will not be eligible to participate in the program under this Act until he is satisfied that the jurisdiction has a qualifying property tax relief program or will use the proceeds of the reimbursement under section 3 in the manner provided in section 4, as the case may be.

(b) Judicial Review.—

(1) If any jurisdiction is dissatisfied with the Secretary's final action with respect to the approval of its application submitted under subsection (a)(1) or with his final action under subsection (a)(2), such jurisdiction may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the jurisdiction is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(c) Payment.—Payment of an amount to which a jurisdiction is entitled for a fiscal year shall be made at such time after the close of the fiscal year as the Secretary shall prescribe by regulation.

(d) Fiscal Year.—For purposes of determining eligibility for, and the amount of, assistance provided a jurisdiction under this Act, any reference in this Act to "fiscal year" shall be considered to be a reference to the annual accounting period of such jurisdiction.

SEC. 6. EFFECTIVE DATE.

Payment may be made under this Act with respect to fiscal years beginning after the date of enactment of this Act.

H.R. 15302

A bill to encourage State and local governments to reform their tax systems so as to decrease the sales tax burden of low-income taxpayers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "State and Local Sales Tax Reform Act of 1970".

SEC. 2. DEFINITIONS

For purposes of this Act:

(1) State.—The term "State" means a State or the District of Columbia.

(2) The term "jurisdiction" means a State or political subdivision of a State.

(3) Secretary.—The term "Secretary" means the Secretary of the Treasury.

(4) Qualifying Personal Income Tax.—The term "qualifying personal income tax" means an income tax imposed on individuals which—

(A)(i) allows as a deduction in determining taxable income personal exemptions for the taxpayer, his spouse (unless she files a separate return), and his dependents, and provides an aggregate deduction in the case of a return on which personal exemptions are claimed for taxpayer, spouse, and two dependents of at least $2,400,

(ii) provides for computation of tax by means of tables which are designed to impose amounts of tax equivalent to the amount of tax which would be imposed if deductions for personal exemptions were allowed in accordance with clause (1), or

(iii) allows as a credit against tax, personal exemption credits for the taxpayer, his spouse (unless she files a separate return), and dependents, and provides for an aggregate credit in the case of a return on which a personal exemption is claimed for the taxpayer, his spouse, and two dependents, in an amount not less than the tax imposed (in absence of the credit) on the first $2,400 of taxable income, and

(B) does not limit the number of personal exemptions allowed on account of dependents who are children of the taxpayer.

SEC. 3. REIMBURSEMENT TO JURISDICTIONS PROVIDING CERTAIN SALES TAX RELIEF.

(a) Entitlement to Reimbursement.—If the Secretary determines that a jurisdiction collects a retail sales tax, that such jurisdiction affords sales tax relief for a fiscal year in accordance with subsection (b), and that such jurisdiction will expend the proceeds of any reimbursement to which it is entitled under this section for the purposes specified in section 4, then the Secretary shall reimburse such jurisdiction under subsection (c) for a portion of its revenue loss in such fiscal year arising out of the operation of such program.

(b) Sales Tax Relief Requirements.—

(1) In general.—In order for a jurisdiction to receive reimbursement for a fiscal year under this section, such jurisdiction must—

(A) collect no sales tax on food or collect a sales tax on food at a rate lower than the rate on other items, or

(B) collect a qualifying personal income tax (as defined in section 2(5)) under which there is allowable (i) a credit (in addition to any allowable credit which satisfies the personal exemption requirement under section 2(5)(B)), (ii) a cash rebate, or (iii) both such a credit and rebate, to each low income individual in such jurisdiction in an amount not less than the product of $300 times the jurisdiction's food sales tax rate times the number of personal exemptions allowed the taxpayer for himself, his spouse, and his dependents, or

(C) in the case of a jurisdiction which does not collect a qualifying personal income tax, allow a cash rebate to each low income individual in such jurisdiction, in an amount not less than the product of $300 times the jurisdiction's food sales tax rate times the number of persons in such individual's family (including such individual, his spouse, and his dependents) who do not claim rebates on their account.

(2) Low-income taxpayer.—For purposes of this section, a jurisdiction must establish income limitations for individuals considered to be low-income individuals. In establishing such limitation the jurisdiction may not include any individual whose income ranks above the lowest quartile in income in the jurisdiction.

(3) Amount of income.—The income of an individual shall be determined under the law of the jurisdiction which receives reimbursement. The income of an individual must include wage and salary disbursements, other labor income, proprietors' and rental income, interest and dividends, and transfer payments.

(c) Amount of Reimbursement.—The Secretary shall pay each fiscal year to each jurisdiction—

(1) which is entitled to reimbursement by reason of subsection (b)(2)(A) for such fiscal year an amount equal to the product of the population of such taxing jurisdiction times $150 times the adjusted sales tax rate for such jurisdiction,

(2) which is entitled to reimbursement by reason of subsection (b)(2)(B) for such fiscal year an amount equal to one-half of the revenue foregone by such jurisdiction by reason of the operation of the provision described in such subsection.

(3) which is entitled to reimbursement by reason of both such subsections an amount equal to the sum of the amounts determined under paragraph (1) and paragraph (2), and

(4) which is entitled to reimbursement under subsection (b)(2)(C) an amount equal to 50 percent of the cost of providing cash rebates.

For purposes of paragraph (1), the adjusted sales tax rate for a jurisdiction is the general sales tax rate for such jurisdiction less the food sales tax rate (if any) for such jurisdiction.

SEC. 4. USE OF PROCEEDS.

(a) Programs Benefiting Low-Income Residents.—The Secretary may pay a jurisdiction the amount to which it is entitled under section 3 for a fiscal year only if he receives assurances from such jurisdiction that such amount will be used for programs which the Secretary determines (in accordance with regulations prescribed by him after consultation with the Secretaries of Health, Education, and Welfare and of Housing and Urban Development and with the Director of the Office of Economic Opportunity) benefit the low-income residents of such jurisdiction.

(b) Pass-Through Requirement.—If a taxing jurisdiction collects a tax with respect to which reimbursement is made under this Act, and if a portion of such tax is required to be transferred by the taxing jurisdiction to another taxing jurisdiction, the Secretary shall by regulation require that such portion of such reimbursement as he determines to be equitable to be transferred to such other jurisdiction.

SEC. 5. ADMINISTRATION.

(a) Application, Etc.—

(1) A jurisdiction which desires to receive payment under this Act for a fiscal year shall make an application therefor at such time, in such manner, and containing such information as the Secretary shall prescribe by regulation. Payment may be made to a jurisdiction only if its application for payment is approved by the Secretary. The Secretary may not finally disapprove any application submitted under this Act, or any modification thereof, without first affording the jurisdiction submitting the application reasonable notice and opportunity for a hearing.

(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing to a jurisdiction which is receiving reimbursement under section 3, finds that—

(A) such jurisdiction no longer has a sales tax relief program which meets the requirements of section 3(b), or

(B) the proceeds of such reimbursement are not used in the manner provided by section 4,

the Secretary shall notify such jurisdiction that it will not be eligible to participate in the program under this Act until he is satisfied that the jurisdiction has a sales tax relief program which meets the requirements of section 3(b) or will use the proceeds of its reimbursement under section 3 in the manner provided in section 4 (as the case may be).

(b) Judicial Review.—

(1) If any jurisdiction is dissatisfied with the Secretary's final action with respect to the approval of its application submitted under subsection (a)(1) or with his final action under subsection (a)(2), such jurisdiction may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the jurisdiction is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(c) Payment.—Payment of an amount to which a jurisdiction is entitled for a fiscal year shall be made at such time after the close of the fiscal year as the Secretary shall prescribe by regulation.

(d) Fiscal Year.—For purposes of determining eligibility for, and the amount of, assistance provided a jurisdiction under this Act, any reference in this Act to "fiscal year" shall be considered to be a reference to the annual accounting period of such jurisdiction.

SEC. 6. EFFECTIVE DATE.

Payment may be made under this Act with respect to fiscal years beginning after the date of enactment of this Act.

H.R. 15303

A bill to encourage State and local governments to adopt more equitable personal income taxes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "State and Local Income Tax Reform Act of 1970."

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) State.—The term "State" means a State or the District of Columbia.

(2) The term "jurisdiction" means a State or political subdivision of a State.

(3) Secretary.—The term "Secretary" means the Secretary of the Treasury.

(4) Qualifying Personal Income Tax.—The term "qualifying personal income tax" means an income tax imposed on individuals which—

(A)(i) allows as a deduction in determining taxable income personal exemptions for the taxpayer, his spouse (unless she files a separate return), and his dependents, and provides an aggregate deduction in the case of a return on which personal exemptions are claimed for taxpayer, spouse, and two dependents of at least $2,400,

(ii) provides for computation of tax by means of tables which are designed to impose amounts of tax equivalent to the amount of tax which would be imposed if deductions for personal exemptions were allowed in accordance with clause (i), or

(iii) allows as a credit against tax, personal exemption credits for the taxpayer, his spouse (unless she files a separate return), and dependents, and provides for an aggregate credit in the case of a return on which a personal exemption is claimed for the taxpayer, his spouse, and two dependents, in an amount not less than the tax imposed (in absence of the credit) on the first $2,400 of taxable income, and

(B) does not limit the number of personal exemptions allowed on account of dependents who are children of the taxpayer.

SEC. 3. PERSONAL INCOME TAX EFFORT GRANTS TO TAXING JURISDICTIONS.

(a) Entitlement to and Amount of Grant.—Subject to section 4, if a jurisdiction collects a qualifying personal income tax (as defined in section 2(4)) for a fiscal year, the Secretary shall pay to such jurisdiction an amount for such year equal to the product of the population of such jurisdiction times $3.00 times the personal income tax effort index.

(b) Personal Income Tax Effort Index.—For purposes of this section, the personal income tax effort index of a taxing jurisdiction is a number equal to 100 times the aggregate amount collected by such taxing jurisdiction under its personal income tax, divided by the aggregate adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1954) of the individuals residing in such taxing jurisdiction.

SEC. 4. USE OF PROCEEDS.

(a) Programs Benefiting Low-Income Residents.—The Secretary may pay a jurisdiction the amount to which it is entitled under section 3 for a fiscal year only if he receives assurances from such jurisdiction that such amount will be used for programs which the Secretary determines (in accordance with regulations prescribed by him after consultation with the Secretaries of Health, Education, and Welfare and of Housing and Urban Development and with the Director of the Office of Economic Opportunity) benefit the low-income residents of such jurisdiction.

(b) Pass-Through Requirement.—If a jurisdiction collects a tax with respect to which a grant is made under this Act, and if a portion of such tax is required to be transferred by the jurisdiction to another jurisdiction, the Secretary shall by regulation require that such portion of such grant as he determines to be equitable to be transferred to such other jurisdiction.

SEC. 5. ADMINISTRATION.

(a) Application, Etc.—

(1) A jurisdiction which desires to receive payment under this Act for a fiscal year shall make an application therefor at such time, in such manner, and containing such information as the Secretary shall prescribe by regulation. Payment may be made to a jurisdiction only if its application for payment is approved by the Secretary. The Secretary may not finally disapprove any application submitted under this Act, or any modification thereof, without first affording the jurisdiction submitting the application reasonable notice and opportunity for a hearing.

(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing to a jurisdiction which is receiving a grant under section 3, finds that—

(A) such jurisdiction no longer has a qualifying personal income tax which meets the requirements of section 2(4), or

(B) the proceeds of such grant are not used in the manner provided by section 4,

the Secretary shall notify such jurisdiction that it will not be eligible to participate in the program under this Act until he is satisfied that the jurisdiction has a qualifying personal income tax which meets the requirements of section 2(4) or will use the proceeds of its grant under section 3 in the manner provided in section 4 (as the case may be).

(b) Judicial Review.—

(1) If any jurisdiction is dissatisfied with the Secretary's final action with respect to the approval of its application submitted under subsection (a)(1) or with his final action under subsection (a)(2), such jurisdiction may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the jurisdiction is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(2) The findings of facts by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new

or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(c) Payments.—Payment of an amount to which a jurisdiction is entitled for a fiscal year shall be made at such time after the close of the fiscal year as the Secretary shall prescribe by regulation.

(d) Fiscal Year.—For purposes of determining eligibility for, and the amount of, assistance provided a jurisdiction under this Act, any reference in this Act to "fiscal year" shall be considered to be a reference to the annual accounting period of such jurisdiction.

SEC. 6. EFFECTIVE DATE.

Payment may be made under this Act with respect to fiscal years beginning after the date of enactment of this Act.

TAKE PRIDE IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER of Ohio. Mr. Speaker, in 1968 per capita income was $4,278 for each U.S. citizen, the highest figure for any major country in the world. The next highest was Sweden's $3,130.

SUBVERSIVE INFILTRATION OF ARMED FORCES

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Louisiana (Mr. RARICK) is recognized for 10 minutes.

Mr. RARICK. Mr. Speaker, in previous remarks I have alluded to the obvious infiltration of our Armed Forces by subversives, and have suggested that either the Committee on Internal Security or the Committee on Armed Services conduct appropriate inquiries into this vital question.

Dr. Fred Schwarz, of the Christian Anti-Communist Crusade, has performed another of his great services to freedom by making available to the American people the text of remarks by Andy Stapp, of the subversive "American Servicemen's Union" before a Black Panther conference in Oakland, Calif. Dr. Schwarz has also correctly related this particular type of subversion to that which occurred in the Armed Forces of both Germany and Russia in the last days of World War I, as an essential part of the Bolshevik revolution in both nations.

I call to the attention of our colleagues the mounting of a well financed campaign to discredit those who are loyal to our country and faithful to their oath in the military service. Such is the explantation of both the Mylai propaganda and the previous attack on the Green Beret officers.

I also call to the attention of our colleagues the Communist history of David Rein, the local attorney representing Roger Priest in the naval court-martial case, and to the obvious security problem which this involves.

I include Dr. Schwarz' December 1 bulletin as part of my remarks:

COMMUNIST INFILTRATION OF THE MILITARY

Infiltration and subversion of the military forces are regarded by the communists as essential for a successful revolution. It was the Bolshevik infiltration of the Russian army which enabled Lenin and his cohorts to seize power in Russia.

Ominous progress has been made recently by the communists in their efforts to infiltrate the United States armed forces. They are operating through an organization called the "'American Servicemens Union" whose chairman is Andy Stapp. Stapp made a speech at the Conference for a United Front Against Fascism called and conducted by the Black Panthers in Oakland, California, July 18–20, 1969.

During this speech Stapp 1) associated the American Servicemens Union with the North Korean Communists and all communist enemies of the United States. This is the practical application of the communist doctrine of Proletarian Internationalism; 2) claimed that the present American Government is fascist; 3) boasted that the American Servicemens Union has chapters on 60 large military installations in the United States and 40 overseas; 4) exulted over numerous rebellions that have taken place at American bases on Long Binh, DaNang, Ft. Bragg, and Ft. Dix; 5) stated the tactics of the ASU were modeled on the tactics of the Bolsheviks within Russia; 6) emphasized the major objective was to foment strife between the officers and the GI's; 7) bragged that they were going to unite with the Black Panthers for a violent revolution.

The text of his speech is as follows:

"I am going to run down tonight about the GI revolt and rebellion that has been going on in the U.S. army in the last year and the organizing drives that we are undertaking. But before I do that, I've got something real important here.

"The Korean people have asked the American Servicemens Union to send their greetings to the revolutionary young people in America, and they sent us a letter which I am going to read. I can't think of a better place to read it than here where we are fighting the same kind of fascism that the Koreans have been faced with for 20 years in the U.S.-supported puppet government of South Korea. Here's the letter:

" 'Dear Andy: We plan to print an article on American GI's used as policemen against hungry South Korean workers. Your contributions will be of great service to deepening the friendly ties between the peoples of Korea and America, and become a big blow to the U.S. imperialist aggressors. Our thinking is that the ASU and Peoples Korea will combine efforts in chopping the head off U.S. imperialism and tearing its limbs in concert with the revolutionary people the world over. You will readily agree with us in this respect, I believe. Right On! The 40,000,000 Korean people led by Marshall Kim il Sung, the great leader of the revolution, firmly stand behind the American people in mutilating the U.S. ruling circle, wholly supporting the ASU. You will find enclosed copies of the words of Marshall Kim il Sung.

" 'The Democratic Peoples Republic of Korea is the banner of independence and freedom of our people and also a powerful weapon of building socialism and communism, and the great anti-imperialist revolutionary cause of Asian, African and Latin American peoples is invincible. You will find it interesting, I am sure, if you will kindly contribute an article on the anti-imperialist, anti-U.S. strategy and tactics of Marshal Kim il Sung, dealt with in the aforementioned work of Peoples Korea for worldwide publication. It will be translated into Korean, Japanese, Russian, Chinese, Spanish, Arabian, as well as English.

" 'Your contributions will greatly encourage the Korean people in their struggle to achieve an independent, peaceful unification of the Fatherland, accomplishing the complete victory of socialism and communism, and defending world peace, and will contribute toward the strengthening of the anti-imperialist, anti-U.S. joint action, and deepening the friendly relations between the Korean and the American people. You may kindly inform members of your ASU of the Korean people and their leader, Marshal Kim il Sung. Thank you very much in anticipation. Our militant greetings to members of the American Servicemens Union and the American people through the ASU chairman and its members.

" 'Sincerely yours, (signed) Jen Yong, Editor-in-Chief of the Peoples Korea.'

"Well, the Koreans have known about fascism for a long time—first the Japanese Fascists, then the U.S. imperialists who brought fascism to their country in 1945 and murdered millions of them in the Korean war, and now in the United States itself and around the world the troops of the U.S. imperialist army are also learning how to fight against fascism, the same fascism that the Koreans are fighting against. The ASU is playing a leading role in this fight, in this organizing drive. *We have chapters of the American Servicemens Union on 60 large military installations in the United States and 40 overseas.* And these guys know what repression is—we have more than 150 union brothers in the stockade now. *Just as the Bolshevik Party organized through the Soviets in 1917 against the Czar and the oppression in Russia, the American Servicemens Union is organizing Soviets within the U.S. imperialist army.*

"Now by organizing, we mean organizing against white racism, and we are organizing against the imperialist war. Concretely, if you are organizing against white racism and against imperialist war, that means you are organizing against the officer class. In reality, that's what it means, that you are organizing against the officers. Because when a GI, who is a member of the American Servicemens Union, refuses to fight in Korea or go to Vietnam, or go to Chicago like some of the black guys did last summer during the Democratic National Convention, it means that you are going to come into a head-on conflict with the brass, and this is the primary contradiction within the army right now between the enlisted personnel and the officers.

Who are these army officers? Well, it's the same as the class contradictions within American society at large. The officers are just the bosses. They come from the upper middle class; and those who don't come from the ruling class, cross lines and join it. This clique of officers (less than one-sixth of the army) dominates it now and sets the tone for the army. This was recognized very well, I thought, in the Weatherman proposal, which pointed out that army officers are the class enemy. This is something that the American Servicemens Union has been organizing around for two years. The most important thing now in the U.S. Army is for guys to be able to get together and stand up against these officers, and not stand at rigid attention and feel that they have to button all their buttons and salute and stammer out 'Sir', 'Yes sir', and 'No sir', but to get together and say, 'Listen you ———, we are demanding our rights and that includes the right to get rid of you.' And what I am saying about officers in the U.S. imperialist army has been true of every capitalist army.

"I am sure many of you have seen the film, The Potemkin, about the revolt in the Russian fleet in the Black Sea in 1905 when

the rank and file sailors rose up against their officers; and their demand, which was simply a demand for food that didn't have worms in it, ultimately, through the leadership of the Bolsheviks, led to a proletarian revolution in that country; and it started with the rank and file guys standing up against the officers.

"We got a case right now of an ASU GI, named Roger Priest, who was distributing Black Panther Party literature, and also distributed this handbill and it showed a picture of Wheeler, and above it said, 'Does this pig speak for you?' and because Roger did that, he faces 36 years in prison for sedition, treason, trying to overthrow the government, and all kinds of ——— disrespect for General Wheeler, etc. And that's where the contradiction is, just for simply putting out this leaflet. We've had ASU GI's put out a leaflet over a year ago saying the guys had a right to get together and make demands on the officers. These guys were sentenced to three years in prison each, on a disloyalty charge, meaning they were disloyal to the officer class.

"I'm not going to take up a lot of time tonight talking about all the rebellions that have been taking place in Long Binh and DaNang and Fort Bragg, rebellions out of Fort Dix—every one of them has had an anti-officer basis. At Fort Dix they kept the guys without water after keeping them standing in the sun for hours and hours inside the stockade; then they tried to deny them water, and the guys rose up in a mass rebellion inside the stockade; and out of this, four members of the American Servicemens Union are facing very heavy charges on that. There are other guys also facing heavy charges, and it was an anti-officer rebellion.

"There are elements trying to work with GI's now that have a phony line that you can organize army officers—that the oppressor and the oppressed should both be organized by the revolutionaries. It's like saying you should organize the bosses. We consider this to be counterrevolutionary. This is a counterrevolutionary line. The only line that is going to lead to victory and revolution is a proletarian line in the army. That means organizing against the officers.

"Now it was a long time ago that Marx pointed out something so true, and that is that the state, stripped of all the ———, all the parliaments and the congress and all that ———, stripped of all that, the State is nothing but organized violence. Lenin called the congress a 'talk shop'. Nothing is really decided there. It's the pigs, the cops, who decide things; and it's the army, that's where the State really is, and the army is a State on wheels. That's where the power of U.S. imperialism is—it's in the U.S. Army because even the ——— civilian pigs—there are those cops who run so ——— fast when the GI's turn on them. They are going to be burning their uniforms.

"The real power is in the three million-man army. Now the Pentagon is where this fascism is. It's a snake pit of fascism—just like the pig department. Now, just as the Pentagon is the breeding ground of fascism, the bourgeoisie know that you can't have a fascist dictatorship unless they've got the army completely under their thumb. And they know that whoever can command the allegiance of the rank and file troops, that command is going to be decisive in revolution or counterrevolution, and right now the American Servicemens Union is building an army within an army, a workers' militia inside the U.S. army, and along with the Panthers and others we are going to make that revolution. Power of the people!"

Historically, successful infiltration of the military has signified an advanced stage of the communist revolutionary process. It is difficult to exaggerate the present danger. There is cause for concern and even alarm, but panic must be avoided. The laws must be strengthened where this is necessary and applied meticulously to preserve internal peace.

AIDING CZECHOSLOVAK REFUGEES

(Mr. MONAGAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MONAGAN. Mr. Speaker, I have been greatly concerned about the plight of Czechoslovak refugees since the Russian invasion of 1969 which caused so many of them to flee from their homeland.

I have proposed through House Concurrent Resolution 457 that the President take steps to ease the plight of these refugees both by action and by expressing the national policy in his position as Chief Executive.

A more specific type of help has recently been demonstrated in my own congressional district at the Cheshire, Conn., plant of the Waterbury Farrel Manufacturing Co. where six Czechoslovak refugees have been enlisted for a training program in which the company has cooperated with the American Fund for Czechoslovakian Refugees. The company hopes to expand the program to 25 refugees in the near future and 30 to 60 eventually.

To receive these men and to make a place for them in our affluent society constitutes citizenship at the highest level. I am proud of this action and I include herewith a laudatory editorial from the New Haven Register which appropriately compliments all concerned:

A BETTER LIFE FOR SOME CZECHS

There is something that Americans can do to ease the frustration felt by their inability to free Czechoslovakia from the grip of Soviet Union oppression. While the threat of nuclear war does not enable the U.S. to liberate the enslaved nation, there is an opportunity to help those Czechoslovakians who have left their homeland in quest of freedom.

At the Cheshire plant of the Waterbury Farrel Manufacturing Company, six Czechoslovakian refugees are seeking fulfillment of the promises that went down the drain with the inflexible socialism. And there are at least 20,000 other refugees waiting in Austria for a place where they can build a new life.

The six refugees came to Waterbury Farrel under a training program which has seen the company co-operating with the American Fund for Czechoslovakian Refugees. The company hopes to expand the program to at least 25 refugees in the near future and 30 to 60 eventually. The only requirement involved in placement is provision of adequate housing and good environment.

This is a program that could work to the mutual advantage of the refugee and the company that trains them. Many of the trainees are skilled in trades pursued in their homeland, which boasted a thriving economy before Communist red tape destroyed initiative.

Their lives were risked by those Czechoslovakians who chose to start anew far from their native land rather than endure a circumscribed existence. Their faith in democracy deserves the kind of generous response that has made America a symbol of hope.

THE NICKEL PROBLEM

(Mr. MONAGAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MONAGAN. Mr. Speaker, on behalf of many small manufacturers in my district I want to express my gratification over the announcement of the release of 20 million pounds of nickel from the Government stockpile. A short time ago we were able to obtain 4,500 tons of nickel from the Treasury Department and this of course had provided some relief from the critical shortages created by the Canadian strikes.

The Office of Emergency Preparedness has, I think, worked out an effective program to make nickel available now, not only to the defense contractors but also to the small manufacturers and their employees who had suffered serious damage and whose production programs were at times threatened with curtailment. Under the program outlined, the stockpile nickel will be loaned for release with the understanding that it will be returned in 18 months. Again, on behalf of nickel consumers in my district I want to express my appreciation to the officials of the Office of Emergency Preparedness, the Treasury Department, and the Business and Defense Services Administration of the Department of Commerce with whom I have worked to bring about this development which will have an immediate and favorable effect on Connecticut production and employment.

POLLUTION TARNISHES THE GOLDEN STATE

(Mr. BROWN of California asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROWN of California. Mr. Speaker, California's image long has been one of a land of opportunity, of a sunshine mecca bounded by whitecap mountains and sparkling beaches, of rich farmlands, of bright city streets lined with towering palms.

That California may soon exist only in myth. For today, environmental pollution seriously tarnishes the Golden State.

California's air, California's water, California's soil, California's beaches, California's ocean waters—all are slowly, steadily, deteriorating in quality.

And the immediate prospect for improvement is not encouraging—given current statewide levels of recognition of these dangers as well as the ability of the State and its residents to combat them.

Certainly as the State's population continues to soar, demands for scarce resources will zoom, and as that demand rises, environmental quality implications become increasingly important.

For years, Californians—like most other citizens—took for granted that certain vital resources would always be available either free or at reasonably low costs. The land was rich, the wild water would flow, the air would clean itself. If there was pollution, the remedy was simple: the State was huge, living densities sparse, and you could move away or find some new, or relatively untapped, source. There was always more.

Take a prime example: water supply for southern California has been a long-time problem. But, with relatively under-utilized northern water resources readily available, it was easy to devise means so as to divert water down to the south.

Yet, as the State's population concentrated more and more into three distinct regions—San Francisco-Oakland-Sacramento; Los Angeles-Orange County-Santa Barbara; and, San Diego—resource demands, especially for water, intensified. These urban regions competed both with each other and with the largely agricultural inner areas of the State for resources—and everyone wanted their resources cheap.

Vision was purely short range. Resources were needed now, the future could wait. There is always more.

Pollution does not happen overnight. The process is slow, tedious, but steady. And hard to notice—unless you look for it.

The search for good water deepened. Secondary effects to getting the water were ignored. The need was for water for the cities, and that was most important. The result: salinity hazards now endanger thousands of prime agricultural land and overall effects are massive throughout numerous ecological systems.

Smog did not just appear one day. More Californians meant more cars, meant more coal or oil-burning power facilities, meant more industrial waste, meant more backyard trash to burn.

Then there was the "California style of life." Prompted by existing construction technologies and by the seemingly endless expanse of land, growth was horizontal, not vertical. This led to increased traveling time and more use of air polluting vehicles; it led away from conventional mass transit systems and built freeways instead. Add that to the State's quickly gained affluence, the rise of the two- and three-car family, and all the ingredients for air pollution came together.

At first, smog was a joke. The sky was muddy some days; eyes watered; clothes hung outside grayed. Everyone laughed. There was always more air. It will clean up when the wind is right.

But it did not. The smog got worse. The laughs became gagged. And suddenly California's air was not taken for granted.

The effect of air pollution is not felt only in cities. Recent reports note desert communities beset by smog; other studies indicate forest growth severely effected by air pollution. And given nature's delicate balance, the overall implications can be immense—reach into every community in the State, touch every life form.

Over the past two decades, billions of dollars have been allocated to try and solve California's air pollution. If there is a joke, then it is on us, and the laugh has been costly indeed.

Yet, air pollution stands as but one of the dangers facing California, and it may not even be the most threatening. All California's resources are in immediate peril, and the need for positive action to counter these hazards is imperative.

I believe, and know, that the battle for quality environment in California can be won. Man's technology produced much of the problem and it can be harnessed to both eradicate the pollution and improve the condition of the world we live in.

But, we must resolve to meet these dangers. Not a single California resource can be taken for granted. The cost to halt pollution and to improve resources may be staggering. Citizens may be forced to accept new living styles, styles which conserve resources and which charge high prices for them. This must be done. There is no other way.

California's problems, unfortunately, are not unique. They just are vivid. What happened in California now is apparent and easily seen, though less easily understood. However, it could happen anywhere else. And it probably is.

That is why I now wish to insert in the RECORD an article from the current issue of the Washington Monthly by Dr. Barry Commoner, director of the Center for the Biology of Natural Systems at Washington University in St. Louis.

I consider this article the most powerful study I have ever read detailing the environmental quality crisis in California. As much as the article is revealing—and it is—it also is a desperate cry for action on a wide scale—local, statewide, and national, private and public.

I strongly endorse Dr. Commoner's recommendations and his conclusions. If he is right—and I think he is—future environmental quality policy must be strong, and it may be extremely expensive: Yet, we have no choice but to accept it.

As the article asks, "Can We Survive?" We can and we must. The article follows:

CAN WE SURVIVE?

(By Barry Commoner)

No one can escape the enormous fact that California has changed. What was once desert has become the most productive land in the world. The once-lonely mountain tops are crisscrossed with humming power lines. Powerful industries, from old ones like steel to the most modern aerospace and electronic operations, have been built. California has become one of the most fruitful, one of the richest places on the surface of the earth. This is all change, and it is good.

But there are other changes in California. Its vigorous growth has been achieved by many men and women who came to give their children a healthy place to live. Now, however, when school children in Los Angeles run out to the playing fields, they are confronted by the warning: "Do not exercise strenuously or breathe too deeply during heavy smog conditions." For the sunshine that once bathed the land in golden light has been blotted out by deadly smog. In a number of California towns the water supplies now contain levels of nitrate above the limit recommended by the U.S. Public Health Service; given to infants, nitrate can cause a fatal disorder, methemoglobenemia, and pediatricians have recommended the use of bottled water for infant formulas. The natural resources of California, once a magnet that attracted thousands who sought a good life, now harbor threats to health. Beaches that once sparkled in the sun are polluted with oil and foul-smelling deposits. Rivers that once teemed with fish run sluggishly to the sea. The once famous crabs in San Francisco Bay are dying. Redwoods are toppling from the banks of eroding streams. All this, too, is change, and it is bad.

Thus, much of the good that has been produced in California, through the intelligence and hard work of its people, has been won at a terrible cost. That cost is the possible destruction of the very capital which has been invested to create the wealth of the state—its environment.

The environment makes up a huge, enormously complex living machine—an ecosystem—and every human activity depends on the integrity and proper functioning of that machine. Without the ecosystem's green plants, there would be no oxygen for smelters and furnaces, let alone to support human and animal life. Without the action of plants and animals in aquatic systems, there would be no pure water to supply agriculture, industry, and the cities. Without the biological processes that have gone on in the soil for thousands of years, there would be neither food crops, oil, nor coal. This machine is our biological capital, the basic apparatus on which our total productivity depends. If it is destroyed, agriculture and industry will come to naught; yet the greatest threats to the environmental system are due to agricultural and industrial activities. If the ecosystem is destroyed, man will go down with it; yet it is man who is destroying it. For in the eager search for the benefits of modern science and technology, we have become enticed into a nearly fatal illusion: that we have at last escaped from the dependence of man on the rest of nature. The truth is tragically different. We have become not less dependent on the balance of nature, but more dependent on it. Modern technology has so stressed the web of processes in the living environment at its most vulnerable points that there is little leeway left in the system. We are approaching the point of no return; our survival is at stake.

These are grim, alarming conclusions; but they are forced on us. I am convinced, by the evidence. Let us look at some of that evidence.

A good place to begin is the farm—on which so much of California's prosperity is based. The wealth created by agriculture is derived from the soil. In it we grow crops which convert inorganic materials—nitrogen, phosphorus, carbon, oxygen, and the other elements required by life—into organic materials—proteins, carbohydrates, fats, and vitamins—which comprise our food.

The soil, the plants that grow in it, the livestock raised on the land, and we ourselves are parts of a huge web of natural processes—endless, self-perpetuating cycles. Consider, for example, the behavior of nitrogen, an element of enormous nutritional importance, forming as it does the basis of proteins and other vital life substances. Most of the earth's available nitrogen is in the air, as nitrogen gas. This can enter the soil through nitrogen fixation, a process carried out by various bacteria, some of them living free in the soil and others associated with the roots of legumes such as clover. In nature, nitrogen also enters the soil from the wastes produced by animals. In both cases the nitrogen becomes incorporated into a complex organic material in the soil—humus. The humus slowly releases nitrogen through the action of soil microorganisms which finally convert it into nitrate. In turn, the nitrate is taken by the roots of plants and is made into protein and other vital parts of the crop. In a natural situation the plant becomes food for animals, their wastes are returned to the soil, and the cycle is complete.

This cycle is an example of the biological capital that sustains us. How has this capital been used in California?

The huge success of agriculture in California is a matter of record; it forms the largest single element in the state's economy. To achieve this wealth a vast area in the center of the state has been transformed

from a bare desert into the richest agricultural land in the nation. How has this been done? How has this transformation affected the continued usefulness of the soil system, especially the nitrogen cycle?

When the first farmers came to the San Joaquin Valley, they found fertile soil and sunshine; only water was needed to make the valley bloom. This was obtained first from local streams and later, increasingly, from wells which tapped the huge store of water that lay beneath the entire Central Valley. As the bountiful crops were taken, the soil, originally rich in nitrogen, became impoverished. To sustain crop productivity, inorganic nitrogen fertilizers were added to the soil. But with the loss of natural soil nitrogen, humus was depleted; as a result the soil became less porous, and less oxygen reached the roots, which were then less efficient in taking up the needed nutrients from the soil. The answer: more nitrogen fertilizer, for even if a smaller proportion is taken up by the crop, this can be overcome by using more fertilizer to begin with. California now uses more nitrogen fertilizer than any other state—an average of about 450 pounds per acre in 1959.

One of the rules of environmental biology is: "Everything has to go somewhere," and we may ask: Where did the extra nitrate added to the soil, but not taken up by the crops, go? The answer is clear: The unused nitrate was carried down into the soil, accumulating at greater and greater depths as the water table fell due to the continual pumping of irrigation water.

With the water table falling, agriculture in the Central Valley was headed for disaster; recognizing this fact, the state constructed the Friant-Kern Canal, which began to supply the valley with above-ground irrigation water beginning in 1951. Irrigation water must always be supplied to soil in amounts greater than that which is lost by evaporation; otherwise salts accumulate in the soil and the plants are killed. So, following the opening of the new canal, the valley water table began to rise toward its original level—carrying with it the long-accumulated nitrates in the soil.

Now there is another simple rule of environmental biology that is appropriate here: "Everything is connected to everything else." The valley towns soon learned this truth, as their drinking water supplies—which were taken from wells that tapped the rising level of underground water—began to show increasing concentrations of nitrate. In the 1950's, the Bureau of Sanitary Engineering of the California Department of Public Health began to analyze the nitrate content of city water supplies in the area. They had good reason for this action, for in July, 1950, an article in the *Journal of the American Water Works Association* had described 139 cases of infant methemoglobenemia in the United States identified since 1947; 14 cases were fatal; all were attributed to farm well water contaminated with more than 45 ppm of nitrate.

At first, only a few scattered instances of high nitrate levels were found in valley water supplies. However, a study of 800 wells in southern California counties in 1960 showed that 88 of them exceeded the 45 ppm limit; 188 wells had reached half that level. In that year, the U.S. Public Health Service recommended that a nitrate level of 45 ppm should not be exceeded, warning:

"Cases of infantile nitrate poisoning have been reported to arise from concentrations ranging from 66 to 1100 ppm. . . . Nitrate poisoning appears to be confined to infants during their first few months of life; adults drinking the same water are not affected, but breast-fed infants of mothers drinking such water may be poisoned. Cows drinking water containing nitrate may produce milk sufficiently high in nitrate to result in infant poisoning."

In Delano, a 1952 analysis showed only traces of nitrate in the city water supply: in 1966, analyses of three town wells obtained by the Delano Junior Chamber of Commerce showed nitrate levels of 70–78 ppm. In 1968, a study by the Water Resources Board, made in reply to a request by State Senator Walter W. Stiern, showed:

"Nitrate concentrations in groundwater underlying the vicinity of Delano are currently in excess of the limit . . . recommended by the U.S. Public Health Service . . . similar geologic and hydrologic conditions occur in other areas of the San Joaquin Valley and the state generally."

So agricultural wealth of the Central Valley has been gained, but at a cost that does not appear in the farmers' balance sheets—the general pollution of the state's huge underground water reserves with nitrate. Fortunately, there appear to be no reports of widespread acute infant methemoglobenemia in the area as yet. However, the effects of chronic exposure to nitrates are poorly understood. We do know that in animals nitrate may interfere with thyroid metabolism, reduce the availability of vitamin A, and cause abortions. Moreover, there is evidence that even small reductions in the oxygen available to a developing human fetus—which might occur when the mother is exposed to subcritical levels of nitrate—result in permanent damage to the brain. In sum, the success of agriculture in the Central Valley has been won at a cost which risks the health of the people.

Nor does the nitrogen problem end there. Much of the nitrogen fertilizer applied to the soil of the Central Valley finds its way into the San Joaquin River, which drains the irrigated fields. As a result, the river carries a huge load of nitrate into the San Francisco Bay-Delta area. Here the added nitrate intrudes on another environmental cycle—the self-purifying biological processes of natural waters—bringing in its wake a new round of environmental destruction. The excess nitrate—along with excess phosphate from agricultural drainage and municipal wastes—stimulates the growth of algae in the waters of the Bay, causing the massive green scums that have become so common in the area. Such heavy overgrowths of algae soon die off, releasing organic matter which overwhelms the biological purification processes that normally remove it. As a result, the natural balance is destroyed; the water loses its oxygen; fish die; the water becomes foul with putrefying material. In the cooler words of the Department of Interior report on the San Joaquin Master Drain, "Problems resulting from nutrient enrichment and associated periodic dissolved oxygen depression are numerous in the Bay-Delta area."

So the agricultural practices of the great Central Valley have overwhelmed the natural nitrogen cycle of the soil with massive amounts of fertilizers; once this cycle was broken, the rivers were contaminated with nitrate. Reaching the Bay-Delta area, the excess nitrate has destroyed the natural balance of the self-purifying processes in these waters, with the foul results that are only too well known to those who live in that once-sparkling natural area.

This much is known fact. But once the natural cycles of the Bay-Delta waters are disrupted, other biological disasters may soon follow. At the present time, in a number of regions of the Bay-Delta waters, the bacterial count exceeds the limit recommended by the California Department of Public Health for water contact sports. This may be due to the entry of too much untreated sewage. But experience with the waters of New York harbor suggests another, more ominous, possibility which connects this problem, too, to the drainage of nutrients from agricultural areas, as well as from treated sewage. In New York harbor, in the period 1948–1968, there has been a 10–20-fold increase in the bacterial count despite a marked improvement in the sewage treatment facilities that drain into the bay. Here too there has been an increase in nitrate and phosphate nutrients, in this case largely from treated sewage effluent. The possibility exists that bacteria, entering the water from sewage or the soil, are now able to grow in the enriched waters of the bay. If this should prove to be the case, changes in water quality such as those which have occurred in the Bay-Delta area may lead to new, quite unexpected, health hazards. The soil contains many microorganisms which cause disease in human beings when they are first allowed to grow in a nutrient medium. There is a danger, then, that as the Bay-Delta waters become laden with organic matter released by dying algae (resulting from overgrowths stimulated by agricultural and municipal wastes), disease-producing microorganisms may find conditions suitable for growth, resulting in outbreaks of hitherto unknown types of waterborne disease.

Nor does the nitrogen story quite end here. We now know that a good deal of the excess nitrogen added to the soil by intensive fertilization practices may be released to the air in the form of ammonia or nitrogen oxides. In the air, these materials are gradually converted to nitrate and carried back to the ground by rain. In 1957, a national study of the nitrate content of rainfall showed excessively high levels in three heavily fertilized regions: the Corn Belt, Texas, and the Central Valley of California. There is increasing evidence that nitrate dissolved in rain can carry enough nutrient into even remote mountain lakes to cause algal overgrowths and so pollute waters still largely free of the effects of human wastes. Recent pollution problems in Lake Tahoe may originate in this way.

I cite these details in order to make clear a profound and inescapable fact of life: that the environment is a vast system of interlocking connections—among the soil, the water, the air, plants, animals, and ourselves—which forms an endless, dynamically interacting web. This network is the product of millions of years of evolution; each of its connections has been tested against the trial of time to achieve a balance which is stable and long-lasting. But the balance, the fine fabric of physical, chemical, and biological interconnections in the environment, is a delicate one; it hangs together only as a whole. Tear into it in one place—such as the soil of the Central Valley—and the fabric begins to unravel, spreading chaos from the soil to the rivers, to the Bay, to remote mountain lakes, to the mother and her infant child. The great Central Valley has become rich with the fruits of the land, but at a cost which has already been felt across the breadth of the state and which is yet to be fully paid.

Nor do we yet know how the destructive process can be halted, or if indeed it can be. In Lake Erie, where the natural balance of the water system has already been largely overwhelmed by excessive nutrients, no one has yet been able to devise a scheme to restore its original condition. The Bay-Delta waters may suffer the same fate. The recently released Kaiser Engineers' report on the San Francisco Bay-Delta Water Quality Control program predicts that the drainage of agricultural nutrients (nitrogen and phosphorus) from the San Joaquin will continue unabated for at least the next 50 years if present agricultural practices persist. The report proposes a system which, to control only the deleterious effects of the drainage in the Bay-Delta area, will cost about $5 billion in that period. And even at that cost the plan will only transfer the problem to the ocean—where the waste nutrients are to be discharged—which can only bring disaster to

this last remaining natural resource, on which so many of our future hopes must rest.

The root of the problem remains in the soil, for if the disrupted balance is not restored there, its destructive effects will only spread into further reaches of the environment. Tragically, each year of continued over-fertilization of the soil may make recovery increasingly difficult. For example, we know that inorganic nitrogen nutrients stop the nitrogen-fixing activity of microorganisms and may eventually kill them off or at least encourage them to mutate into non-fixing forms. If the natural fertility of the soil is ever to be restored, we may have to rely heavily on these microbial agents; but this becomes less and less possible as we continue to use massive amounts of fertilizer. In effect, like a drug addict, we may become "hooked" on continued heavy nitrogen fertilization and so become inescapably locked into a self-destructive course.

This same tragic tale of environmental disaster can be told of another prominent feature of California agriculture—insecticides. One important aspect of the biological capital on which agricitural productivity depends is the network of ecological relationships that relate insect pests to the plants on which they feed, and to the other insects that, in turn, prey on the pests. These natural relations serve to keep pest populations in check. Pests which require a particular plant as food are kept in check by their inability to spread onto other plants; the other insects which parasitize and prey upon them exert important biological control over the pest population.

What has happened in attempts to control cotton pests—where the great bulk of synthetic insecticide is used in the United States—shows how we have destroyed these natural relations and have allowed the natural pest-regulating machinery to break down. The massive use of the new insecticides has controlled some of the pests that once attacked cotton. But now the cotton plants are being attacked instead by new insects that were never previously known as pests of cotton. Moreover, the new pests are becoming increasingly resistant to insecticide through the natural biological process of selection, in the course of inheritance, of resistant types. In Texas cotton fields, for example, in 1963 it took 50 times as much DDT to control insect pests as it did in 1961. The tobacco budworm, which now attacks cotton, has been found to be nearly immune to methylparathion, the most powerful of the widely used modern insecticides.

California, too, has begun to experience environmental disaster from teh intensive use of insecticides. Consider only a single recent example. In 1965 the rich cotton fields of the Imperial Valley weer invaded by the Pink Bollworm from Arizona. The Department of Agriculture began an "eradication" program based on a fixed schedule of repeated, heavy, insecticide sprays. The Pink Bollworm was controlled (but by no means "eradicated"); however, the cotton plants were then attacked by other insects which had previously caused no appreciable damage—the beet army worm and the cotton leaf perforator. The insecticide had killed off insects that were natural enemies of the army worms and perforators, which had in the meantime become resistant to the sprays. Catastrophic losses resulted. The problem is now so serious that Imperial Valley farmers have proposed the elimination of cotton plantings for a year in order to kill off the new pests, which cannot survive a year without food.

California is beginning to experience the kind of insecticide-induced disaster already common in Latin American experience. In the Cañete Valley of Peru, for example, DDT was used for the first time in 1949 to control cotton pests. Yields increased—temporarily. For soon the number of insects attacking the cotton grew from 7 to 13 and several of them had become resistant to the insecticides. By 1965, the cotton yields had dropped to half their previous value, and despite 15–25 insecticide applications, pest control was impossible. Productivity was restored only when massive insecticide application was halted and biological control was reestablished by importing insects to attack the pests.

These instances are, again, a warning that present agricultural practices may be destroying the biological capital which is essential to agricultural productivity—in this case, the natural population of insects that attack insect pests and keep them under the control of a natural balance. Again, if the ecologically blind practice of massive insecticide treatment is allowed to continue, there is a danger of permanently losing the natural protective insects—and agriculture may become "hooked" on insecticides.

And here too we see disaster spreading through the environmental network. In 1969, the Food and Drug Administration seized two shipments of channel jack mackerel, an ocean fish originating from Terminal Island, Los Angeles, because of excessive residues of DDT and related insecticides. Insecticides draining off agricultural lands into the Bay-Delta area have caused levels of DDT which exceed the amount allowed by the FDA to appear in the bodies of striped bass and sturgeon. It is possible that the recent decline in San Francisco Baby crabs may be due to the same cause. Spreading through the food chain, DDT has begun to cause disastrous declines in the population of birds of prey, and there is some evidence that gulls are being affected as well. The latter would extend the web of disaster even further, for the gulls are vital in controlling waste in shoreline waters.

Now let me follow the track of environmental disaster from the farm to the cities of California. Again, nitrogen is a valuable guide, this time, surprisingly enough, to the smog problem. This problem originates with the production of nitrogen oxides by gasoline engines. Released to the air, these oxides, upon absorption of sunlight, react with waste hydrocarbon fuel to produce the noxious constituents of smog. This problem is the direct outcome of the technological improvement of gasoline engines: the development of the modern high-compression engine. Such engines operate at higher temperatures than older ones; at these elevated temperatures the oxygen and nitrogen of the air taken into the engine tend to combine rapidly, with the resultant production of nitrogen oxides. Once released into the air, nitrogen oxides are activated by sunlight. They then react with waste hydrocarbon fuel, forming eventually the notorious PAN—the toxic agent of the smog made famous by Los Angeles.

The present smog-control technique—reduction of waste fuel emission—by diminishing the interaction of nitrogen oxides with hydrocarbon wastes, enhances the level of airborne nitrogen oxides, which are themselves toxic substances. In the air, nitrogen oxides are readily converted to nitrates, which are then brought down by rain and snow to the land and surface waters. There they add to the growing burden of nitrogen fertilizer, which, as I have already indicated, is an important aspect of water pollution. What is surprising is the amount of nitrogen oxides that are generated by automotive traffic: more than one-third of the nitrogen contained in the fertilizer currently employed on U.S. farms. One calculation shows that farms in New Jersey receive about 25 pounds of nitrogen fertilizer per year (a significant amount in agricultural practice) from the trucks and cars that travel the New Jersey highways. Another recent study shows that in the heavily populated eastern section of the country, the nitrate content of local rainfall is proportional to the local rate of gasoline consumption.

Thus, the emergence of a new technology—the modern gasoline engine—is itself responsible for most of the smog problem and for an appreciable part of the pollution of surface waters with nitrate. And no one needs to be reminded that smog is a serious hazard to health. Again we see the endless web of environmental processes at work. Get the engines too hot—for the sake of generating the power needed to drive a huge car at destructive speeds—and you set off a chain of events that keeps kids off the playground, sends older people to a premature death, and, in passing, adds to the already excessive burden of water pollutants.

This is some of the tragic destruction that lies hidden in the great panorama of the changing California environment—costs to the people of the state that do not appear as entries in the balance sheets of industry and agriculture. These are some of the great debts which must be paid if the state's environment is to be saved from ultimate destruction. The debts are so embedded in every feature of the state's economy that it is almost impossible to calculate them. Their scale, at least, can be secured from the figure produced for the water quality-control system which will transfer the pollution problem of the Bay-Delta area to the ocean: $5 billion over 50 years, and continuing at $100 million a year.

At what cost can the smog that envelops Los Angeles be cleared up—as it surely must if the city is to survive? Start with the price of rolling back air pollution that risks the health and well-being of the citizens of the Bay area, the Peninsula, and San Diego. And do not neglect the damage already done by smog to the pine forests in the area of Lake Arrowhead. Nitrogen oxides have just been detected in Yosemite Park; what will it cost if the state's magnificent forests begin to die, unleashing enormous flood problems? How shall we reckon the cost of the huge redwoods on the North Coast, which need for their secure footing the soil built up around their roots during annual floods, when these floods are stopped by the new dams and the trees begin to topple? How shall we determine the cost of the urban spread which has covered the richest soil in the state? What will it cost to restore this soil to agriculture when the state is forced to limit intensive, pollution-generating fertilization, and new lands have to be used to sustain food production? What is the price of those massive walls of concrete, those freeways, which slice across the land, disrupting drainage patterns and upsetting the delicate balance of forces that keeps the land from sliding into ravines? Against the value of the new real-estate developments on landfills in San Francisco Bay, calculate the cost of the resulting changes in tidal movements, which have decreased the dilution of the polluting nutrients by fresh water from the sea and have worsened the algal overgrowths. Or balance against the value of the offshore oil the cost of a constant risk of beach and ocean pollution until the offending wells are pumped dry. Finally, figure, if possible, what it will cost to restore the natural fertility of the soil in central California, to keep the nitrogen in the soil, where it belongs, and to develop a new, more mixed form of agriculture that will make it possible to get rid of most insecticides and make better use of the natural biological controls.

If the magnitude of the states environmental problems is staggering, perhaps there is some consolation in the fact that California is not alone. Most of Lake Erie has been lost to pollution. In Illinois, every major river has been overburdened with fertilizer drainage and has lost its powers of self-purification. Automobile smog hangs like a pall over even Denver and Phoenix. Every major city is experiencing worsening air pollution. The entire nation is in the grip of the environmental crisis.

What is to be done? What can be done? Although we are, I believe, on a path which can only lead to self-destruction, I am also convinced that we have not yet passed the point of no return. We have time—perhaps a generation—in which to save the environment from the final effects of the violence we have already done to it, and to save ourselves from our own suicidal folly. But this is a very short time to achieve the massive environmental repair that is needed. We will need to start, now, on a new path. And the first action is to recognize how badly we have gone wrong in the use of the environment and to mobilize every available resource for the huge task of saving it.

Yet all the marvelous knowledge in our universities and laboratories seems now to stand helpless, while the air becomes fouler every day, beaches covered with oil, and precious water and soil more heavily laden with pollutants.

But there is another crisis—one that has struck the nation's entire scientific community. This crisis, like the environmental one, is also man-made and disastrously shortsighted; it is the drastic curtailment of the funds for research and education.

What a tragedy! At the very moment that the nation has begun to sense the urgency of the environmental crisis, when the first steps in the large and urgent task must be taken in the laboratories and classrooms of our universities, the tools are denied the men who would use them.

The huge undertakings listed here cannot even be begun unless we drastically reorganize our priorities. We cannot continue to devote the talent of our engineers and the competence of our workers to the production of overpowered, pollution-generating cars that do violence on the road and in the ecosystem. We cannot burden our productive resources with a monstrous device like the SST—which, if used in the U.S., will bring the violence of airport noise to 60 million Americans. We cannot continue to waste manpower and resources on weapons that become obsolete before they are produced—and which, if ever used, will destroy this planet as a place for human life. In a crisis of survival, business as usual is suicide.

The environmental crisis has brought us to a great turning point in this nation's history. We have become a nation that wields the greatest power in the history of man; power in the form of food, industrial plants, vehicles, and the weapons of war. We have also become a nation beset by violence; on the battlefield, on the highways, in personal encounters, and, more fundamentally, in the destruction of the natural, harmonious fabric of the environmental system which supports us. It is this fundamental violence to the world in which we live which divides us, as we compete among ourselves for the earth's goods, unaware that each of us, in our own way is thereby contributing to the destruction of the whole that supports us all.

The time has come to forge a great alliance in this nation: All of us now know that if we are to survive, the environment must be maintained as a balanced, harmonious whole. We must all work together to preserve it. If we fail, we shall abandon the place where we must live—the thin skin of air, water, soil, and living things on the planet Earth—to destruction. The obligation which our technological society forces upon all of us, young and old, black and white, right and left, scientist and citizen alike, is to discover how humanity can survive the new power which science has given it. Every major advance in the technological competence of man has enforced new obligations on human society. The present age of technology is no exception to this rule of history. We already know the enormous benefits it can bestow, and we have begun to perceive its frightful threats. The crisis generated by this knowledge is upon us.

We are enormously fortunate that our young people—the first generation to carry strontium 90 in their bones and DDT in their fat—have become particularly sensitive to this ominous paradox of the modern world. For it is they who face the frightful task of seeking humane knowledge in a world which has, with cunning perversity, transformed the power that knowledge generates into an instrument of catastrophe.

The environmental crisis is a grim challenge. It also is a great opportunity. From it we may yet learn that the proper use of science is not to conquer nature, but to live in it. We may yet learn that to save ourselves we must save the world that is our habitat. We may yet discover how to devote the wisdom of science and the power of technology to the welfare, the survival of man.

IRRESPONSIBLE COLUMNIZING ON ORDERLY MARKETING

(Mr. WYMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. WYMAN. Mr. Speaker, Marquis Childs' attempt to tie needed restrictions on floods of cheap foreign imports to the prospect of further fueling the fires of inflation in this country is irresponsible columnizing. Reasonable restrictions on as yet unrestricted imports, especially in the cheap footwear field, are unrelated to the price spiral involved in the inflationary process.

In a current column, Mr. Childs paints a dark picture of lobbyists seeking preferential consideration against the public interest when the truth of the matter is that tens of thousands of American workers and whole U.S. industries are fighting for their lives because they sell a product that has a high labor cost. Abroad this cost is but a fraction of what it is in this country. Left to unrestricted competition in the U.S. market there will be a gradual and inescapable loss of shoe production to low-cost labor areas outside of the United States of America except for a few high-quality specialized lines.

It is the responsibility of this Government and of its legislative branch in particular, to insure that this does not happen by imposing reasonable restrictions on future imports of footwear, textiles, and certain other imports. This can be accomplished by enactment of orderly marketing legislation. This law should be passed now—with or without administration support.

Mr. Childs' position would surrender U.S. jobs to foreign nations by the thousands. It would spell the end of the road for hundreds of American factories. His description of Senator PERCY'S characterization of Senator COTTON'S amendment to authorize the President to block imports, as "an unconscionable surrender of legislative power to the executive" is a gross example of grandstanding by overstatement on the part of one who knows better. Congress cannot keep a currently flexible eye on import figures with attendant import controls or relaxation thereof. The committee mechanism is not that flexible. This is clearly for the executive branch. What the Senator really is complaining about is the prospect of a policy of doing something to protect American workers and American industry. Apparently he, too, wants to turn it all over to foreign production if they can make it cheaper.

Worthy of consideration here is not only the American worker but the American consumer. Clearly, the cheapest of cheap foreign imports are not good for American feet. Any podiatrist will confirm this fact.

Curiously, even many of the luxury shoe imports end up costing American taxpayers more than what they would pay for the corresponding American luxury shoe. Construction of higher priced shoes abroad has changed in many areas so that they are difficult to repair in the United States of America. A shoe repairman demonstrated this to a constituent of mine recently, showing him a heel from a woman's shoe that had been imported. The plastic heel was a molded one. It was installed by drilling the heel proper with approximately a $\frac{3}{16}$-inch drill in five places and then driving in the plastic heel that had five plastic pins molded onto its thin plastic heel plate. When this thin plastic heel plate wears out it has to be replaced. The only alternative that shoe repairman has in this country is to replace it with materials on hand. Being faced with a heel that has five holes in it and therefore lacks sufficient surface to use nails, to have material on hand that would meet the import design would necessitate hundreds of styles of heel stock that are beyond his capability.

Now it is both in the junk class and luxury class of footwear imports that shoe repairmen are running into problems. This is a justifiable item deserving of attention on the part of those who are so interested in consumer protection these days. It deserves widespread publicity.

Mr. Speaker, it is becoming a fair question these days—Does the administration really want to help the shoe industry? If it does, the road is open. It is easy. Just pass the word that the light is green for an orderly marketing law. I venture to say it would not take 30 days for this to become a reality.

Those who espouse the irresponsible course of continued unrestricted foreign imports such as Mr. Childs does in his column, have, over the years, been responsible for more troubles for the working men and women of this country than Carter has pills. If they had their way, wages in the United States would be forced down to European levels and eventually toward Oriental levels as production from the Far East steps up to gleefully feast in the American market.

Union members can well ask themselves and their leaders which side their bread is buttered on in this raging controversy. The answer is not in continued unrestricted reciprocal trade. This is demonstrably true in the shoe and textile industries.

I am including the Childs column at this point in the RECORD to show just how grossly the situation can be misstated by those who seek to raise spec-

ters of financial loss in the mind of the general public should Congress provide a measure of protection for critically hurt domestic industries. This has always been the clarion call of the free traders. Against this must be matched the fact that in simple truth those seeking minimum protections are merely calling for an orderly future rise in imports checking unrestricted floods against which no U.S. industry can plan. Legislation which I introduced in January, H.R. 733, will accomplish just that.

The United States must not become a dumping ground for cheap foreign goods at the expense of the jobs of millions of Americans, many of whom have no other skills. There is a crisis in the U.S. shoe industry today. Can it be that those of Mr. Childs' persuasion do not know this? Or knowing it, do not care?

FRESH IMPORT RESTRICTIONS COULD INTENSIFY INFLATION

(By Marquis Childs)

With the surge of Christmas shopping nobody is looking, but if certain powerful lobbies have their way the cost of basic items in the householder's budget will take a sharp jump in the New Year. The prospect is for more rather than less inflation as the spiral of rising prices becomes a political issue hardly second to the Vietnam war.

The immediate threat is in shoes. The pressure for a quota on foreign imports has grown to such a volume that 72 senators signed a petition to President Nixon calling for "voluntary" quotas. Needless to say, voluntary quotas are a fiction, since once the United States turns on the heat the shoe-exporting countries have no choice but to accept.

From Italy, Spain, France and Britain come specialized and expensive footwear. Japan and Taiwan export low-cost shoes that, according to retailers opposing the quota, are unavailable from domestic makers. It is at the bottom of the scale that the rise in prices—perhaps as much as 15 to 25 per cent—would be most immediate if a quota greatly limits foreign imports.

Last spring the shoe industry is reported to have collected a kitty of $300,000 to lobby for a "voluntary" quota. The 72 senatorial signers to the petition to the White House is one measure of the success of the drive. Of that total, 20 signers are from big exporting states that would feel the backlash of certain reprisals from the countries feeling the pinch of an imposed quota.

Using the battered "tax reform" bill as a vehicle, Sen. Norris Cotton (R-N.H.), one of the strongest backers of a shoe quota, threw in an amendment giving the President broad powers to block imports from almost any nation. It was adopted by a vote of 65 to 30 after Sen. Charles Percy (R-Ill.), called it an "unconscionable" surrender of congressional powers to the executive.

The shoe industry is only the latest to move with powerful leverage against the free trade policy of the '60s. A "voluntary" quota on cotton textiles already imposed is hurting developing countries, notably South Korea and Taiwan, where American aid has been an important factor. A "voluntary" steel quota puts a limit on imports from Japan.

In his round-the-world trip early in the year Secretary of Commerce Maurice Stans made the threat clear that unless nations greatly curtailed their exports to this country in certain fields, conspicuously textiles, Congress in an increasing wave of protectionism would clamp on tariff restrictions. Pressed by Japanese newsmen to say whether other "voluntary" quotas were impending, Stans said: "At the present time it is not our intention to seek voluntary negotiations for any other commodities than textiles."

Within trade circles there was immediate speculation that after textiles Stans would respond to the demands of other industries, shoes first. And this was underscored when Senate Minority leader Hugh Scott came out of the White House to say that the President considered shoes as being "fully as urgent as textiles."

Here, as in almost every other area, the question is where Mr. Nixon really stands. How far is he willing to go in pushing for solutions that are in the national interest but that have active opposition from powerful minority interests? In his trade message to Congress the President's rhetoric on behalf of keeping the channels clear and free in America's own self-interests was unexceptional.

Rhetoric is not enough. In a speech that got too little attention John Gardner, head of the Urban Coalition on Action Council, said what is widely felt here but seldom expressed that if there is to be action in solving the nation's problems the President must show far greater urgency. He must move with the kind of vigor he employed in putting over the antiballistic missile and in trying to get the Senate to approve the Haynsworth nomination to the Supreme Court.

That the price spiral is continuing upward there can be little doubt. Cutting back or eliminating competitive imports will only kick it up faster.

The rhetoric dispensed with one hand hardly conceals the counter maneuvers or the careful indifference on the other hand. In trade, in hunger, in a half-dozen areas that is the tragic duality of the Nixon administration.

ST. LAWRENCE SEAWAY: A BOONDOGGLE GOING TO POT

(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 Wall Street Journal article last Friday, the St. Lawrence Seaway was characterized as "deeply in debt, in disrepair, and almost obsolete—it may just go to pot." Fifteen years ago during the log-rolling authorization debate for the seaway I apologized to my colleagues in this Chamber for being a "purveyor of gloom" about the economic prospects for the seaway. All has come to pass; after 10 years of operation, the $500 million white elephant is slowing drowning in its own economic miscalculations.

My gloomy prognostications of 1954 were based on the expected loss of jobs and the adverse impact the seaway would have on the industries served by the St. Lawrence area. Fortunately, the impact on jobs and industry has been less than I anticipated—not because the seaway did not try to capture business, but because in a market economy, businessmen just do not buy a pig-in-a-poke. Nevertheless, the American public has poured $500 million into the St. Lawrence and any way you cut the pie, it has been an expensive experiment.

The Journal article points out there is a cry being raised to wipe out the seaway debt. What then? Another investment by the American people to bail out something that should be abandoned? The seaway is a monument to Government's inability to properly assess economic risk before plunging ahead with the expenditures of public money. The plight of the St. Lawrence Seaway serves a graphic lesson of what happens when traditional American, market-risk, economic philosophy is thrown over for industrial socialization. I can think of no finer tribute to the Socialists of this country who have foisted one after another of such projects on an unsuspecting public than to let the seaway fill up.

I have appended to my remarks a copy of the Wall Street Journal article concerning the economic woes of the St. Lawrence Seaway:

DIRE STRAITS: ST. LAWRENCE SEAWAY, COMPLETING 10TH YEAR, IS AWASH IN PROBLEMS—ITS TRAFFIC IS OFF, DEBT IS UP AND IT IS GETTING OBSOLETE; SOME SHIPS CURTAIL RUNS—STEEL SILOS TRAVEL BY RAIL

(By Jim Hyatt)

CLEVELAND.—The last ocean-going vessel leaves the St. Lawrence Seaway this weekend, ending the 2,300-mile water routes' 10th season of operation. It has not been a very good year.

For the St. Lawrence Seaway, heralded a decade ago as a "second Mediterranean" or a "fourth seacoast" for the U.S., is a flop at this point. Shippers shun it. Shipbuilders curse it. Ship operators ignore it. It is deeply in debt, in disrepair and almost obsolete. Its traffic this year probably will be the lowest since 1964, and some people worry about its future.

"The seaway won't be shut down," insists one backer of the project. And then he adds, "But it may just go to pot."

The seaway, a joint U.S.-Canadian project that cost $500 million to build, is an engineering wonder. A channel-and-lock system that bypasses rapids, lifts ships 600 feet from the time they enter the seaway at the mouth of the St. Lawrence River in the Atlantic Ocean to the time they reach Lake Superior.

WHAT WENT WRONG?

A big ship can make the trip from the Atlantic to Duluth in eight days, and about the only problem the seaway builders envisioned was one of traffic jams as everybody rushed to use the wondrous new route. They pictured huge ocean-going vessels docking in such previously landlocked places as Chicago, Milwaukee and Cleveland. They figured seaway ships, with their low rates, would take cargo away from the railroads. They saw vast markets opening up for Midwestern-made goods, and they saw the Midwest being showered with foreign-made manufactures transported cheaply to its doorstep by ship.

But none of these things has come to pass. The main problem, say people who are expert in the affairs of the seaway, is that everybody underestimated the difficulty of persuading shippers to abandon rail transport for moving goods to and from East Coast ports. So insignificant is the seaway's presence here in Cleveland, for example, that the Port of Cleveland handles only 3% of the goods manufactured for export in the area.

"It's like water wearing away rock," complains Richard Shultz, executive director of the Port Authority of Cleveland.

All told, seaway ships carried about 40 million tons of cargo this year, it's estimated, off sharply from the 48 million tons of 1968. Seaway officials attribute part of the decline to a strike of iron-ore workers in Canada, but some observers say the total would have been down even without the strike. The 1968 total was up from 1967 but was below the peak of 49.2 million tons of 1966. The dearth of business is causing some American-flag

carriers to cut back on their seaway operations and some have indicated they might pull out of the Great Lakes entirely. "We can't cruise like a taxicab looking for business," asserts one shipping official. "The cargo just isn't there."

BEWARE OF THE MUD

Scarcity of cargo isn't the shipping lines' only complaint. Until recently, they maintain, many seaway ports weren't dredged to the maximum 27-foot depth of the rest of the seaway. What's more, they say, that 27-foot depth is no longer enough. Many old ships would get stuck in the mud if they came into the seaway fully loaded, and some new ships don't have a chance. New container-ships under construction have 33-foot drafts—and are 10 feet too wide for the 80-foot locks. Estimates of the cost to modernize the seaway to handle these big new ships range up to $5 billion.

The decline in traffic on the seaway could turn into a vicious cycle. The shipping lines say they want to cut service because the shippers don't have much to ship. And shippers say one reason they don't use the seaway much is that the number of ships available is decreasing, making schedules erratic.

In mid-October, for instance, Lubrizol Corp. of Cleveland needed quick shipment to Liverpool, England, of 150 drums of a petroleum additive. But the next possible sailing from Cleveland was three weeks off, and even then a ship would call here only if enough cargo were available to make a stop worthwhile. So the company spent an added $1,300 to ship the drums by rail to New York, where they were loaded on a ship scheduled to arrive in Liverpool two days before the earliest date any ship might show up in Cleveland.

Anchor Hocking Corp. of Lancaster, Ohio, says it has halved its seaway tonnage in recent years because of the haphazard sailing schedules.

WHAT WILL HAPPEN IN 2009?

The less tonnage hauled, the more the seaway falls in debt. The seaway is committed to repaying the U.S. and Canada its capital costs as well as to meeting its operating expenses. Legislation requires this capital to be repaid by the year 2009, but based on current traffic projections and present tolls the seaway will instead be $821 million in debt by then, according to Sen. Walter F. Mondale of Minnesota.

Sen. Mondale thinks the seaway's only problem is its commitment to repay its capital costs. "The financial framework of the seaway is unfair and unreasonable and discriminates against the nation's fourth seacoast," he states. At the moment, the seaway is $20 million behind in debt payments, and one Congressman says it is "dangerously close to going bankrupt."

Sen. Mondale and some other members of Congress think that the U.S. should cancel the existing debt and that the seaway should simply be required to turn over to the Treasury any money it takes in beyond its operating costs. Such a proposal doesn't sit well well with everyone. "Holy hell will break loose" if pro-seaway members try to eliminate the debt, asserts one source who favors the Eastern ports.

Another solution, of course, would be to increase tolls, and Sen. Mondale fears possible 30% to 60% rises. But Leonard Goodsell, executive director of the Great Lakes Commission, an association of officials of Midwestern states, says an increase of only 10% would "knock us out of a lot of world markets."

It's questionable, however, how many markets there are to be knocked out of. In an appraisal of the seaway, the Canadian Imperial Bank of Commerce says: "Neither the fear that the seaway would allow foreign manufacturers to flood the markets of the St. Lawrence Basin nor the hope that it would enable producers there to greatly expand their markets has been realized."

At the moment, the seaway tolls do provide some real bargains. One example: A recent shipment of power transformers from Oil City, Pa., to LeHavre, France, cost the shipper $1,387 a ton through Cleveland, compared with $2,232 a ton had the transformers been shipped by rail to New York and then to France. Rail rates for some goods, however, are designed to encourage use of East Coast ports, as seaway backers see it. It costs nine times as much per mile, for instance, to ship steel silos by train from Kankakee, Ill., to Chicago than from Kankakee to New York.

Seaway officials cite the high rail rates to Great Lakes ports as just one of the problems they are fighting. They also complain that Congress has blocked the St. Lawrence Seaway Development Corp. from using any funds for advertising and promotion. This ban means the seaway is "operating with its hands tied behind its back," asserts H. D. Doan, president of Dow Chemical Co. and chairman of the seaway's 10th anniversary observance.

OPERATION BREAKTHROUGH ANNOUNCEMENT

(Mr. ANDERSON of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ANDERSON of Illinois. Mr. Speaker, today Housing and Urban Development Secretary George Romney announced the opening of the final round of negotiations on Operation Breakthrough housing design and site proposals. The Department had originally intended to make the final selections known in mid-November, but the national interest and response to the program has been so overwhelming that it has taken HUD longer than originally anticipated to sift through all the proposals. I think this response augurs well for Operation Breakthrough, which is an attempt to introduce new systems of housing construction and marketing to meet our national housing goal.

Today, Secretary Romney announced the names of 37 housing system organizations selected from a total of 236 full housing systems proposals or type A proposals. Following further negotiations, about 20 of these will be chosen to build prototypes on some 10 sites around the Nation. The Secretary has also named the 11 site proposals which have been chosen for further negotiations; these have been selected from 218 site proposals. And some 365 type B proposals are still under consideration. These cover research and development concepts for various "hardware" and "software" components for the housing systems.

Mr. Speaker, I wish to commend HUD on the outstanding progress it has made thus far with Operation Breakthrough. The national response is a clear indication of the time, effort, and weight which HUD has given this new program which was initiated in May of this year. At this point in the RECORD I include the HUD news release, the list of 37 type A proposals selected for further consideration, and a press release my office issued last week:

BREAKTHROUGH ANNOUNCES SITES, POTENTIAL PLANNERS, BUILDERS

The Department of Housing and Urban Development today announced the start of final evaluations and negotiations with proposers seeking to participate in Operation Breakthrough, HUD's major program to help solve the Nation's housing problems.

Secretary George Romney, announcing the detailed discussions and negotiations, said that National interest in the program had exceeded expectations, and many more proposals were submitted than were anticipated.

"To assure that the very best selection is made from the very large number of good plans, further discussions are necessary," Romney said. "We want to be certain that every phase of the program is fully clarified and understood. We want no possible misunderstanding to threaten the success of the program.

"Detailed discussions and negotiations are being held with localities offering prototype sites, as well as with site planners, and prospective producers of housing systems.

"At the conclusion of these talks, HUD will make final arrangements for sites and enter into contracts with site planners and producers of the housing systems finally selected.

"However," he emphasized, "we are now confident that improved approaches in all aspects of the housing business—management, financing methods, land planning, and development, housing system technology, and company strength—are available in the combinations of companies selected for further negotiations.

"These housing concepts are in the forefront of today's available housing production technology. They will take the housing industry from the construction, financing, and management methods of the past, to the production, financing, and management methods of the present and the future.

"They cover a wide range of materials, and include some systems that are already in production, some that are nearing production, and some that still require design, testing, and performance evaluation before production can be started.

"We are also convinced that the sites and the site planners selected for further negotiation offer the opportunity to demonstrate to the Nation how modernization of building, housing and zoning regulations, and improved land use can lead to even greater improvements in housing systems. . . . This is only the beginning of the progress that must, and can be, made."

Negotiations will be conducted with the proposers and local officials of the following prototype sites: Indianapolis, Indiana; Jersey City, New Jersey; Kalamazoo, Michigan; Macon, Georgia; Memphis, Tennessee; Sacramento, California; St. Louis, Missouri; Wilmington, Delaware (New Castle County).

In addition, HUD is still considering proposed sites in the States of Washington and Texas. The sites chosen followed thorough examination of the 218 sites proposed.

In all cases, FHA site engineers and appraisers inspected and evaluated the sites. Regional Office officials added their suggestions and evaluations. And for many of the proposed sites, HUD officials made follow-up inspection trips.

"In addition to the Operation Breakthrough plan to develop prototype sites, HUD plans to work with site proposers and community groups to arrange for housing to be developed on all suitable proposed sites in accordance with community needs," the Secretary added.

Eleven site planners, of 82 organizations that submitted proposals, have been selected for further discussions and negotiations. (Their names are listed separately). Each of the planners finally selected will be responsible for preparing an overall plan for

a designated site that effectively combines the housing systems selected for that site into good, attractive, livable, community environments.

A list of the 37 housing system organizations with whom further discussions and negotiations are planned is attached. The prime contractor, or consortium (group) names are also shown as well as the subcontractors or team members.

HUD officials said they expect to finally select about 20 of these housing system organizations under consideration.

These organizations were selected from 236 proposals submitted to HUD for Type A (full housing systems). The proposals were evaluated on the basis of building system designs, production methods, financial capability, management, land use design, and other factors. These building concepts include some now in production; some that are new approaches for the proposing organization, although not wholly new concepts; some that are new concepts; and some foreign systems that will be adapted to U.S. methods and designs.

The 365 Type B proposals are still being evaluated. These cover advanced research and development of ideas or concepts not yet ready for prototype construction, or which provide individual elements of a total housing system. These include "hardware" items, as well as "software" elements concerned with management, financing, site development, and user needs.

The Type B proposers being named today for further talks are: Ross, Hardies, O'Keefe, Babcock, McDugald & Parsons, of Chicago, Ill., to prepare a manual on practical methods for overcoming obstacles that bar new income housing; and George Washington University of Washington, D.C., to develop feasible recommendations for improvement in real property tenure and transfer practices to reduce closing and financing costs.

Three Type A full housing systems proposals that are being considered for Type B contracts are The Habitat Group of Rio Piedras, Puerto Rico; Aitken, Collins & Associates of Berkeley, California; and Dano Modules, Inc. of Chicago, Illinois.

During this negotiation period, discussions will be held with consultants in specific areas to obtain their comments on the various concepts selected for possible contract awards. HUD officials said their schedule calls for the final selections to be made in about a month.

Preliminary letter contracts will be awarded to site planners so they can assist HUD in further evaluation of the housing systems, and to help in matching housing systems to prototype sites.

Mr. Harold B. Finger, HUD Assistant Secretary for Research and Technology, has the overall responsibility for all negotiations and discussions. Mr. Alfred A. Perry, Program Director of Operation Breakthrough, is his personal representative in the negotiations.

OPERATION BREAKTHROUGH—
TYPE A PROPOSALS

HOUSING SYSTEMS ORGANIZATIONS SELECTED FOR FURTHER DISCUSSION, EVALUATION, AND NEGOTIATIONS

Alodex Corp., Memphis, Tenn.; Ellers, Reaves, Fanning & Oakley, Inc., Memphis, Tenn.; Cambridge Seven Assoc., Inc., Cambridge, Mass.; Low and Rodin, London, SWI, England; Building Design Partnership, London WIP 2DA, England.

Aluminum Co. of America, Pittsburgh, Pa.; Christian Frey, San Francisco, Calif.; Component Bldg. Systems, Ltd.

Ball Bros. Research Corp., Boulder, Colo.; Borg-Warner Corp., Chicago, Ill.; Mr. Elliott H. Brenner, AIA, Lafayette, Ind.; Mr. Leo E. Zickler, Indiana.

Bechtel Corp., San Francisco, Calif.; Stressed Structures, Inc., Denver, Colo.; Building Systems Dev., Inc., San Francisco, Calif.

Henry C. Beck Co., Atlanta, Ga.; Balency-MBM-U.S. Corp., New York, N.Y.; Raymond D. Nasher, Dallas, Tex., Borg-Warner Corp., Chicago, Ill.

Boise-Cascade Corp., Boise, Id.; Dalton-Dalton-Little, Cleveland, Oh.; Frank Hall Assoc.; Computer Applications, Inc.; National Bldg. Agency; David Crane Assoc.; Brevard Engineering.

Christiana Western Structures, Los Angeles, Calif.; B. A. Berkus Assoc.; Mutual Ownership Dev. Fndn.

Descon/Concordia—A joint venture between: Concordia Mgmt., Ltd., Montreal, Canada; Descon Mgmt Corp., Ltd., Montreal, Canada.

Dev. Corp. of Am., Boston, Mass.; San-Vel Concrete Corp., Littleton, Mass.; Stull Assoc., Inc., Boston, Mass.

The Dow Chemical Co., Houston, Texas; Rohr Corp., Chula Vista, Calif.; Daniel Const. Co., Greenville, S.C.; Geometrics, Inc., Cambridge, Mass.

Forest City Enterprises, Inc., Cleveland, Ohio; Forest City Materials Co., Kent, Ohio; Thomas J. Dillon & Co., Inc., Akron, Ohio; Top Roc Corp., Hudson, Ohio; Barbitta-James & Assoc., Akron, Ohio.

General Electric Co., Philadelphia, Pa.; Hugh Gibbs, FAIA, & Donald Gibbs, AIA, Long Beach, Calif.; Leon Julius, AIA, Washington, D.C.; Candeub, Fleissig & Assoc., Newark, N.J.; FCH Services, Inc., Washington,, D.C.

Hercules, Inc., Wilmington, Dela.; Modular Structures, Inc., Bethesda, Md.; Armstrong & Salomonsky, Architects, Richmond, Va.; Harlan, Betke & Meyers; Univ. of Utah.

Home Building Corp., Sedalia, Mo.

Housing Development Co., Cleveland, Ohio; Architectural Computer Systems, Inc., Cleveland, Ohio; Concrete Bldg. Systems Co., Cleveland, Ohio; John David Mgmt. Co., Cleveland, Ohio; Kinsdale Construction Co., Cleveland, Ohio; Palevsky Industries, Inc., Cleveland, Ohio; Thomas G. Snavely Co., Cleveland, Ohio; Plaskolite Corp., Cleveland, Ohio; Zaremba & Sons, Cleveland, Ohio.

Keene Corp., New York, N.Y.; Formigli Corp., Philadelphia, Pa.; Alvin E. Gershen Assoc., Trenton, N.J.; Robert Hughes Assoc., Ltd., Montreal, Canada; Lennox Industries, Inc., Marshalltown, Iowa; Node-4 Assoc., Brooklyn, N.Y.; Ryan Inc. of Wisc., Janesville, Wisc.; Warner, Burns, Toan & Lunde, New York, N.Y.; Wickes Corp., Saginaw, Mich; Winston Development Corp, Chicago, Ill.

Levitt Tech, Corp., Lake Success, N.Y.; B. A. Berkus Assoc., Inc., Los Angeles, Calif.; The Stanley Works, New Britain, Conn.; Auerbach Corp., Philadelphia, Pa.; Dunham-Bush, Inc., Hamilton-Howe, Inc., Los Angeles, Calif.; Simpson Timber Co., Seattle, Wash.

Martin-Marietta Corp., New York, N.Y.; Precast Systems, Inc.; U.S. Gypsum Co.; Lennox Industries; C. F. Murphy Assoc.; Wiss, Janney, Elstner & Assoc.; The Consulting Engineers Group, Inc.

Material Systems Corp., Washington, D.C.; U.S. Financial, San Diego, Calif.; Skidmore, Owings & Merrill.

Mid-City Developers, Inc., Washington, D.C.; Neil Mitchell Assoc., Inc.-Internat'l Const. & Marketing, Cambridge, Mass.; Kaufman & Broad, Inc., Los Angeles, Calif.; Building System Development, Inc.-TRW.

Module Communities, Inc., Yonkers, N.Y.; Celanese Corp.; American Standard, Inc.; Industrialized Bldg. Systems, Inc.; Paul Weidlinger; Consentini Assoc.; Skidmore, Owings & Merrill; Hudson Institute; F. D. Rich Co.

National Homes Corp., Lafayette, Ind.; Edward Durell Stone & Assoc., New York, N.Y.; Edward D. Stone, Jr. & Assoc., Ft. Lauderdale, Fla.; Prof. James W. Whitehead, Rutgers Univ.; Semer, White & Jacobsen, Washington, D.C.; Praeger-Kavanagh-Waterbury, New York, N.Y.; Consentini Assoc., New York, N.Y.; Computer Applications, Inc., New York, N.Y.

Omniform, Inc., Hartford, Conn.; Siporex-Cellular Concrete Assoc., Old Lyme, Conn.; The Tappan Co., Mansfield, Ohio; Kohler Co., Kohler, Wisc.; R&G Sloane-Susquehanna Corp., Cleveland, Ohio; Metrostudy Corp., New York, N.Y.; Ador/Hilite-Div. of Rusco Industries, Fullerton, Calif.; A. O. Smith Consumer Products, Kankakee, Ill.; Glidden-Durkee-Div. of SCM Corp., New York, N.Y.; Square D. Company, Lexington, Ky.; Sterling Radiator Co., Inc., Westfield, Mass.

Pemtom, Inc., Bloomington, Minn.

Redman Industries, Inc., Dallas, Texas.

Relbec Corp., Rio Pierdas, P.R.; Rexach Const. Co., San Juan, P.R.; Internat'l Basic Economy Corp., New York, N.Y.; Larsen & Nielson, S.A., Lausanne, Switzerland.

Republic Steel Corp., Youngstown, Ohio; Schmitt Homes, Inc., Strongsville, Ohio; American Standard, Inc., Louisville, Ky.; The Tappan Co., Mansfield, Ohio; Climatrol Industries, Inc., Milwaukee, Wisc.; Emerson Electric Co., St. Louis, Mo.

The Ring Bros' Consortium, Los Angeles, Calif.; Ring Bros., Los Angeles, Calif.; Modular Concepts, Inc., Gardena, Calif.; Flintkote Co., Riverside, Calif.; Formica Corp., Los Angeles, Calif.; Pratt & Lambert, Inc., Orange, Calif.; R&G Sloane Mfg. Div.-Susquehanna Corp., Sun Valley, Calif.; Day & Night Mfg. Co., La Puenta, Calif.; Simpson Timber Co., Seattle, Wash.; I.T.E. Imperial.

Rouse-Wates; Rouse Development Co. of the Rouse Co., Columbia, Md.; Wates Systems, Inc. (USA) of Wates Ltd. (London, England).

Scholz Homes, Inc., Toledo, Ohio.

Sectra America; Ecodesign, Inc., Cambridge, Mass.; Gilbane Bldg. Co., Providence, R.I.; John Laing Const., Ltd., London, NW7, England; The Planning Services Group, Cambridge, Mass.

Shelley System, San Juan, P.R.; Shelley Engineering Corp.; Hampton Development Corp.; Shelley Equipment & Finance; Caribilt Const. Co., Inc.; Shelga Corp.; U.S. Home & Development Corp.

Stirling Homex Corp., Avon, N.Y.

Techcrete Consortium; Arthur D. Little, Inc., Cambridge, Mass.; Carl Koch & Assoc., Inc., Boston, Mass.; Aetna Life & Casualty, Hartford, Conn.

TRW Systems Group, Redondo Beach, Calif.; Bldg. Systems Development, Inc., San Francisco, Calif.; Mid-City Developers, Inc., Washington, D.C.; Kaufman & Broad, Inc., Los Angeles, Calif.

United States Steel Corp., Pittsburgh, Pa.

Urban Systems Development Corp., Arlington, Va.; Hellmuth, Obata & Kassabaum, St. Louis, Mo.; Nat'l Urban League, New York, N.Y.; Chase Manhattan Bank, New York, N.Y.; Princeton Univ. Research Center for Urban & Environmental Planning, Princeton, N.J.; Westinghouse Info. Systems & Westinghouse Research Labs., Pittsburgh, Pa.

ANDERSON PRAISES CONFERENCE REPORT ON HOUSING BILL

WASHINGTON, D.C.—Congressman John B. Anderson (R-Ill.) today praised the House-Senate Conference Report on the Housing and Urban Development Act of 1969. The House of Representatives is today considering adoption of the report on the $4.9 billion housing authorization.

"I am especially pleased that the conferees have agreed to the amendment I introduced in the House which encourages the Secretary of HUD to eliminate restraints against the use of new technologies and materials in producing low-cost, high-quality housing," said Anderson. "This will give Secretary Romney a very essential weapon in

his fight to provide this nation with adequate housing. It is unconscionable in this age of moon shots that we are actually falling behind in meeting the basic shelter needs of our people."

The Anderson amendment is popularly referred to as the "Breakthrough Amendment" because it is aimed at ensuring the success of "Operation Breakthrough," a new HUD program launched in May of this year by Housing Secretary Romney. Operation Breakthrough is an attempt to enlist private industry in the design and construction of quality housing on a volume basis to meet the nation's critical housing shortage. HUD is currently considering some 650 such proposals from which 10 to 20 will be selected to be built as prototypes on eight to ten sites around the nation.

"My amendment directs the Secretary to assure, to the extent feasible, that there are no restraints by labor practices, building codes or zoning ordinances against the use of these new techniques which are crucial to the success of meeting our national housing goal of 26-million units in the next decade," explained Anderson. "This goal includes the need for six-million publicly assisted units in the next ten years, and HUD must be given every tool necessary to implement it."

MANAGING FOR CHANGE IN THE SEVENTIES

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, recently the International City Management Association, formerly known as the International City Managers Association, held its 55th annual conference in New York City. The theme of the conference was "Managing for Change in the '70's."

The ICMA has worked with cities and city managers since 1914 for the improvement of all aspects of local government administration. Although it is primarily a professional association of managers, it has always seen its mission as encompassing the administrative practices and procedures of local governments. For years, I have known of the ICMA's good work since Dade County is represented by a past official of the Association, Dade County Manager Porter Homer.

Under the able leadership of their executive director, Mark Keane, the ICMA is continuing to conduct a variety of programs, including research, training, information, publications and public affairs, which strive to meet the needs of today's urban administrator. In line with this endeavor, the ICMA invited three highly recognized management strategists, representing the disciplines of business, academia, and urban administration, to present papers on their involvement with city problems.

One of these papers was presented by Frank J. Carr, the director of the Westinghouse Information Systems Laboratory. Mr. Carr, himself an able administrator, is directing the Washington Corp., into applying its vast resources to solving urban problems. He combines the experience of many years of public administration problem solving with advanced computer-based technology to aid city, county, region, and State administrators in solving and defining their problems.

I was most impressed with Mr. Carr's speech which I feel contains a good deal of insight into a problem that concerns us all. Therefore, Mr. Speaker, I urge you and my colleagues to read Mr. Carr's paper as we are all concerned with managing for change in the 1970's.

The item follows:

MANAGEMENT STRATEGIES

(A background paper prepared by Frank J. Carr, director, Westinghouse Information Systems Laboratory, Pittsburgh, Pa., for discussion at the 55th annual conference of the International City Management Association, October 14, 1969)

Fundamentally, managers are people who control the use of resources. The problems of a manager are to identify the tasks before him and organize the available resources to accomplish these tasks. His problems are much more acute today than they were a century ago. As Margaret Mead has pointed out, "No one will live all his life in the world into which he was born, and no one will die in the world in which he worked in his maturity." The manager is faced not only with the problems and opportunities offered by new technologies, but he must carry out his work in a rapidly changing environment. This is clearly as true for the urban manager as it is for the business manager.

In a large measure, a manager's work itself creates change. In business, as in other areas, we are concerned with creating change that promotes the objectives of the enterprise. This function calls for a basic vision of the purposes of the enterprise and a continuing evaluation of its relations to its internal structure and external environment. Management strategies are the pragmatic techniques that are employed to assure that the organization maintains a proper relation to its environment.

Ultimately these strategies result in performance. Along the way, objectives are formed and plans are created to direct an organization's technology towards bringing products or services to customers in the face of competitors who are trying to do the same thing.

Because your environments differ, each of you must develop your own strategies. Today, I would like to discuss planning strategy, dealing with changing technology, and strategy for people—based on personal experience reaching back over 15 years and on the observations of others.

PLANNING STRATEGY

Generally, the formulation of management planning strategies rests on three actions:

(1) Analysis of past, present, and future trends, leading to an understanding of the bounds within which action may be taken.

(2) Setting of desirable objectives within what is possible.

(3) Formulation of plans that define the steps in utilizing resources to achieve the objectives.

The procedure begins, then, with a careful analysis of environmental factors, followed by an analysis of capabilities.

Environmental analysis

The first steps in making an environmental analysis are to interpret the underlying causes of historic patterns, to describe current performance, and to make future projections. In business, the important areas are three:

(1) Customers—market volume, customer mix, pricing.

(2) Competitors—market share, customer preference, and product cost, as well as competitive marketing and product development actions.

(3) Technology—particularly advances expected within the planning horizon, with a quantitative estimate of their effect on current and projected operations.

In municipal planning, parallels to customers may be found in public demand and special-interest groups. In case you do not feel you have competitors, let me suggest that your major customers, the citizens of your community, have other uses for their tax dollars. These alternative uses represent competition, in the sense that the word is used here.

The assumptions you make regarding the future wants and needs of the people whom you serve are of particular importance. These assumptions will determine the future nature of your activities. You should make explicit the assumptions you consider most important, based upon the preceding analysis.

"Potentials" are statements of the outside limits of performance that you could not be expected to achieve but against which you could be measured. In business, an example is the dollar value of the total market or total demand for which a company will be competing. In municipal governments, an example might be the maximum possible usage of a rapid transit system. The potentials should be identified and tabulated for each area being served within the period of the planning horizon. The assumptions regarding potentials are important, because potentials furnish the basis for quantitatively specifying future results and establishing management controls.

Within the broad range of potentials, particular opportunities should be identified. An opportunity is an economic choice which is unusually attractive from a return-on-investment or cost/effectiveness standpoint. At this point, we are beginning to combine the actual or potentially available resources of money, competence, and facilities with the measures of expected impacts on performance and environment. It is important that potentially available resources be considered here, so that they may be acquired to fully develop opportunities.

The demonstrated existence of an opportunity is not an adequate basis for the decision to seek it out. Opportunity without competence is a garden path. What is needed is not simply competence but "distinctive competence." The "distinctive competence" is truly distinctive may hold the real key of an organization is more than what it can do; it is what it can do particularly well. The effort to find or create a competence that to success and future growth and development. In the municipal environment this is illustrated by decisions on what services to provide directly and what services to encourage outside organizations to provide.

Capability analysis

Having pursued the environmental analysis to the point where it is becoming clear where future efforts and programs should be directed, we must now turn to a more explicit evaluation of capabilities. Here, the chief evaluation areas are skills and resources. Because a company's strength exists primarily in experience in making and marketing a product line, the evaluation process begins by examining the company's current product line and the function it serves in its markets. This strength constitutes a resource for growth and diversification. Identifying the skills that underlie whatever success has been achieved is a necessary step in evaluating this resource.

The evaluation must be conducted using competitors as a frame of reference. Therefore, we specifically look at our relative strengths, highlighting distinctive competence—special attributes which make a company different from and better than its competitors—and also relative weaknesses. When problems are identified, we give particular attention to defining them carefully. It is particularly desirable that the statements of problems be structured so that specific business plans can be directed towards the solution of specifically identified problems. For example, "unsatisfactory profits" might be a clear characterization of a company's posi-

tion, but problems should be defined in terms of the underlying causes of the condition, unsatisfactory product features, high product or indirect costs, etc. It is these underlying problems which subsequent plans will aim to solve. In addition to the definition of a problem, an appropriate quantitative description of its magnitude should be given. For example, an identified cost problem should indicate how far out of line costs are.

In business, competitive information is sometimes lacking. In this case, a basis for comparison may be found in other divisions of one's own company, with similar activities, or with related but different activities. A municipality would have a similar basis for comparison—between departments, with other cities, and with private suppliers of the same services.

Strategic objectives

A strategic objective is a statement of what an organization hopes to accomplish with respect to its environment. Based upon the preceding environmental and capability analyses, and only after these analyses, would we formulate strategic objectives. In business, the following objectives will generally be included:

(1) A clear definition of products in functional rather than literal terms, saying what they do rather than what they are made of

(2) Clearly designated markets and market segments for which products are now or will be designed

(3) Types and categories of customers, including size, location and distinctive characteristics

(4) Identification of the channels through which these customers and markets will be reached

(5) The satisfaction provided customers by the products and services they receive and the manner in which the products and services are marketed and delivered

(6) The means by which the operation will be financed (when the means will change over time, the appropriate periods should be indicated)

(7) Techniques, skills, and facilities required in this type of business

(8) The size and kind of organization which is to be the medium of achievement, expressed in terms of characteristics which will clearly differ from the competitors' and of characteristics which mark a significant departure from current practices.

Planning objectives

Planning objectives are developed by first identifying those problems and opportunities which have unusually high impact upon achievement of strategic objectives, then formulating one or more actions to counter the problem or capitalize on the opportunity. It is important that you restrict yourself to those five to ten problems or opportunities which are characterized by the greatest potential effect upon future performance.

The actions to be formulated are those which would yield a large payoff relative to the time and effort involved, or those which are crucial to the survival of the business. These actions constitute the planning objective towards which the major plans and programs of the organization are to be directed.

Planning objectives are not restricted to development and facilities programs; they include organizational changes, product transfers, changes in distribution channels, or a variety of other types of business action. The criterion for listing planning objectives is not the type or magnitude of expenditures involved, but the importance of the action upon performance.

DEALING WITH CHANGING TECHNOLOGY

Technology may be broadly thought of as the ways in which work is done. In this sense, new management techniques of processes which people can follow in doing their jobs are just as must a part of the technology that managers should be interested in as are products and services.

Ten years ago, the Ford Foundation and the Carnegie Foundation sponsored two independent studies of business education in the United States. The Gordon-Howell report, Higher Education for Business, and the Pierson Report, The Education of American Businessmen, were reviewed by Leonard S. Silk who, at the time, was Senior Editor of Business Week. In Mr. Silk's words, "They suggest that most business schools, because of their adherence to outworn doctrines, may not be meeting the requirements of business firms for competent, imaginative, flexible and creative managers, prepared to deal with the unsolved problems of tomorrow, rather than repeat the routines of yesterday."[1]

Both reports recommended that the focus of business studies should be upon managerial decision-making "with emphasis upon the application of scientific knowledge to business problems." This, the authors of the two reports felt, would provide an organizing concept for business education and research that was sorely needed.

The influence of these two reports has literally revolutionized business education around the world. Business school faculties became obsolete overnight. In many schools, plans were put into effect which substantially changed the makeup of these faculties within a few years. No schools of any significance were unaffected by the recommendations.

The reports not only represented an evaluation of American business education, but also an evaluation of a new technology which had been introduced into the business scene during the 10 years prior to the reports. These post World War II developments, now referred to as "information technology," have two components: the computer; and decision-making techniques that had their genesis in operations research. In the 10 years since the reports, both of these components have blossomed and are fulfilling their early promise as significant management tools. I would like to use this experience to illustrate how a manager can introduce new technology into his organization.

In the application of any technology, it is necessary to "smooth" the environment. For example, the success of the automobile has depended greatly upon the effectiveness of the way in which the environment has been smoothed through the building of roads. The automobile becomes a problem only when the environment becomes inadequate (as in the case of traffic-clogged streets).

A more meaningful illustration of the introduction of a new technology occurs when one considers the problems associated with the application of computers—the most important technological introduction of the mid-Twentieth Century.

The most difficult part of the computer's environment is man himself. The first problem of the manager in applying computer technology is to smooth this part of the environment, and he has to begin with himself. We should not be concerned here with what the computer should be used to do, nor how it should do it. Rather, we should be concerned with what the manager should do and with giving suggestions of how he should proceed. Consequently, most of what follows can be viewed as dealing with the problem of smoothing man's portion of the computer's environment.

Most unpleasant experiences with the use of computers have resulted from the failure of management to recognize the strategic considerations involved in introducing such a major technology into an organization. With respect to introducing computers into an organization. I have found that my own guidelines fall into five categories:

(1) Management viewpoint.

(2) Factors which lead to successful computer utilization.

(3) Major source of problems in application of computers.

(4) The role of education.

(5) Selected action recommendations and thoughtful observations.

The point of view taken by the manager is critical in developing a management strategy. The three most important considerations to remember are:

(1) The computer is a data handling device—not simply a computation device.

(2) The computer represents a big investment; it should be used in solving big problems, not trivial ones.

(3) Everyone will be affected by the computer; no part of the organization will be immune.

An excellent study, made over five years ago, provided some conclusions about the specific factors which lead to successful utilization of computers that are just as valid as they were then.[2] These factors were:

(1) The quality of executive leadership provided to the computer systems effort.

(2) The soundness of the planning and control tools used in managing the effort.

(3) The degree of operating management involvement.

(4) The caliber of the computer systems manager.

(5) The caliber of the computer systems technical staff.

It is also important to recognize the major sources of past problems in utilizing computers. The following statement, although made in the context of process control computers rather than data processing computers, is especially valid:

"In the application of computers by humans, there are at least three things which cloud our vision. Most commonly, these are the desire to try to do too much; the conviction to believe what we want to believe; and the impulse to react rather than plan. These three factors, or syndromes, are really more significant in the application of computers . . . than all of the brilliant design engineering and scientific breakthrough that has occurred in the past two decades."[3]

Education has always been a powerful force in change, and it plays an equally important role in computer systems. However, the purpose of education must be understood if it is to be effective. One objective in computer education is to remove the psychological block that an unknown quantity like the computer develops in people. This goal can be achieved only through training-type sessions that explain how a computer works and through "hands-on" exercises that place the student in an active role with a particular computer. This question, then, is not one of depth or length of time, but of effectiveness in the design of such a program.

A manager attempting to develop a management strategy for utilizing computers will not do an effective job unless he goes through this type of educational experience. Although this is not enough to assure that he will do a good job, he certainly can do better with it than without it.

As a manager, you must also define your role in the utilization of computers. Here again, education can help enormously, but it is more difficult to be specific about what kind of program would be most helpful. An appropriate course of study would seem to

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[1] Leonard S. Silk, The Education of Businessmen, Supplementary Paper No. 11, Committee For Economic Development, December 1960.

[2] John T. Garrity, "Top Management and Computer Profits," *Harvard Business Review*, July–August 1963.

[3] Bates H. Murphy, "Computers Are For People," *Automation*, December 1968.

be one that would start with an elaboration of the items covered in this section and that would lead to case studies of computer utilization in municipalities. This suggestion is offered as one which might be developed into a self-study or training program which your association might want to sponsor. In any case, it should follow the basic education in computer techniques described earlier.

Finally, I would like to make the following action recommendations and observations:

(1) Get started; startup costs are high, but they don't improve if you wait.

(2) Expect costs to increase; look for the return in increased effectiveness of operations.

(3) Be precise about the changes you expect will happen and the benefits to be accrued; otherwise, they will not happen.

(4) Don't assume or hope you will get someone's cooperation when the time comes; if you get his commitment early, it's less expensive to overcome his opposition during planning and it may turn out he is right and you are wrong.

(5) Get the right people on the job, and don't assume the man with the overall responsibility should or should not be the technical expert; both types have done well.

(6) If the lead man is not the technical expert, he should have at least two sources of technical advice; otherwise, the leadership will, in fact, pass over to the lead technical man under him, because the technology gene is dominant.

(7) Don't berate the computer type; he has been responsible for most of what has happened (both good and bad), but when it has been bad, he generally was not given the proper leadership.

(8) The computer revolution has evolved more because opposition was overcome than because acceptance was won; without overcoming opposition, acceptance could not materialize, but real progress (i.e., maximum benefits) were realized after acceptance rather than before.

(9) Self interest on all sides, including that of the computer system proponents in an organization, is the single major problem you must face.

(10) Get into the heart of the operations of the city; if you wander around on the shoreline, just getting your feet wet, you will, in fact, create more problems for yourself than you will solve.

I have just presented one way a manager can introduce a new technology (in this case, computers), but I would like to reiterate that each organization and the injection of each new technology is unique in the way it must be handled, so each of you must develop your own strategy in dealing with new technology.

STRATEGY FOR PEOPLE

As mentioned earlier, in developing an overall business strategy, the manager must be true to himself in analyzing the capabilities of his organization. He must identify the skills and talents required and the quantity and number of people needed who possess these skills. He selects the key people who, in turn, assist him in further careful selection as the numbers grow. In the selection process, he will review the organization's previous experience, including sources, costs, and permanency of hires; review the current recruiting scene; consider his organization's advantages and disadvantages; and develop a recruiting program.

A key management strategy is to remember that the best recruiting is done within the organization itself—by avoiding losses of qualified personnel. Accordingly, the manager will develop and maintain a personnel retention program by establishing policies and practices which will guarantee good employe relations. He will be particularly cognizant of policies and practices in the following areas:

(1) Salary administration.
(2) Placement and work assignments.
(3) Performance appraisal practices.
(4) Communications programs.
(5) Recognition of special efforts by employes.
(6) Employe training and development programs.

If the manpower needs are specific, and the selection and retention programs are soundly developed with total involvement by management, the manager will be successful in staffing the organization.

SUMMARY

I have reviewed a few of the lessons that we in the private sector have learned in recent years. Our school has been the competitive business environment in which we find ourselves—an environment of growing demands for new and better services, of continuously rising costs, and of rapidly changing technology. Our teacher has been the constant pressure for improved cost-effectiveness in all of our activities.

Your teacher would appear to be the same—unless your current budget includes adequate funding for all of the services you consider necessary or desirable. Your school would appear to be the same—unless your municipality has no demands for new and better services, is not faced with continuously rising costs, and cannot benefit from new technology. Are the lessons learned in business management not equally applicable in municipal management?

LEONARD HICKS: EXCITING JOURNEY, BIG REWARDS

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, success stories are a part of the American way of life. In fact the United States is the greatest success story in the history of the world. We especially like to read a success story when the subject of it is a friend and the son of a friend. We particulraly like to read such a success story when it involves a subject which not only relates to the health and happiness of people but tends to encourage more understanding and friendship among the people of the world and, therefore, contributes to peace—such a subject is tourism and an organization which has comfortable and agreeable living accommodations awaiting the traveler when he or she arrives at his or her destination.

The worldwide organization representing hotels and the man who has made it and now heads this great organization are the subject of an interesting and informative article in the current issue of the Bahamian Review. The article tells how Leonard Hicks, the son of the late Leonard Hicks of Chicago, one of the outstanding hotelmen of the Nation, has built a great universal organization representing hotels in securing tourist travel. It is the story not only of a successful business but of a successful man, in his family life as well as his personal life. It is the story of what vision, hard work, and a warm and understanding heart in respect to other people can accomplish. The article reveals the genuineness of Leonard Hicks' interest in other people by telling the story of how he and his lovely and talented wife have adopted 15 youngsters, each in need of help and each from a different country where poverty is severe and a chance to earn a decent living is slim. The children continue to live in their native countries where they will remain until they complete their education but Mr. Hicks hopes to make their dreams come true by providing them financial support and a wide horizon of opportunity. We learned that Leonard Hicks is never too busy to concern himself with the individual problems of these children in 15 different countries of the world.

Leonard Hicks lives in Miami and in my district, I am pleased to say, and he has helped the Greater Miami area immeasurably by keeping our great tourist center in close and throbbing contact with a large part of the world population. He has developed a relationship between Miami and the Bahamas which he and many believe makes each complement the other in tourism. This article quotes a maxim which Leonard Hicks lives, passed on to him by his great father. The maxim is, "Success Is a Journey, Not a Destination."

Leonard Hicks has made the journey of life not only a happy venture for him but he has made it a happier venture for vast numbers of his fellow citizens of the world.

Mr. Speaker, the article in the current issue of the Bahamiam Review immediately follows my remarks.

LEONARD HICKS: EXCITING JOURNEY, BIG REWARDS

(By Ethel Blum)

The success of the Hicks Organization did not happen overnight. It took Leonard Hicks more than two dozen years of determined hard work to achieve what is known internationally as a "success story." The rigid road he followed in business has also been the pattern for his personal life—hard work, study, travel and no half-way measures about anything.

Three months after his discharge from the U.S. Army in 1945, Hicks opened his first hotel representation office in Chicago. With 20 hotels on his books and some borrowed capital, he was able to show a profit within his first year of operation, setting a precedent for a phenomenal growth pattern which reached bookings of $101,024,527 last year.

Hicks' romance with the Bahamas was largely responsible for his Miami office and his own move to South Florida. In anticipation of a tremendous tourist explosion in the Bahamas and Caribbean, he decided to devote his personal time toward building and promoting this market. His vision proved correct. Last year, the Hicks offices booked $19,911,924 into the Bahamas.

"The Bahamas had the ingredients people were looking for in the ever expanding leisure time field—marvelous climate and a nearby 'foreign' atmosphere."

"The way I looked at it, and still do" adds Hicks, "is that Florida and the Bahamas are next door neighbors that complement each other. What is good for one is good for the other. Some Florida hotelmen regard the Bahamas as a threat, but I feel that Bahama hotels bring people into the Florida area as well as to their own Islands."

Although the New York Hicks office books more business into the Bahamas, Hicks points out that the Miami office is the only one that can fill Bahama hotel rooms at a moment's notice.

When Hicks took over representation of his first resort property in the Bahamas 15 years ago, less than 90,000 tourists visited the

Islands annually. The latest figures reported by the Bahamas Ministry of Tourism show that more than one million visitors came to the Bahamas by air and sea during the first nine months of 1969.

The Bahamas have earned their place in the tourist sun, says Hicks. "The Ministry of Tourism has done a fantastic job in encouraging visitors. They realize that tourism is not like turning a faucet on and off. It develops momentum over a period of time and the flow must be nurtured with just the right pressures exerted to increase the volume."

"L. H." as he is affectionately called by many of his employees, credits much of his success to a good choice of parents. The senior Hicks was one of the most popular hotelmen of his era and the younger Hicks is cast from just as unique a mold.

A third generation hotel man, he likes professionals and his dedication to perfection is sometimes less than diplomatic. In his organization that stretches around the globe, he is exuberant, yet forceful; considerate of his employees, yet demanding of results. But what he demands of his employees and executives is nothing more or less than he demands of himself. He has a completely equipped office in his home on an inlet off Biscayne Bay, a short drive from his Miami office. There he finshes jobs he is frequently unable to get to in his busy bank building office. The incompleted tasks are toted home in "boodle bags" packed by his secretary.

Hicks firmly believes that much of his organizations' growth must be attributed to the fact that he has surrounded himself with competent people. To attract and keep high level personnel, his staff members are among the highest paid in the industry. The organization also has a substantial profit sharing system in addition to other employee benefits.

The physical pattern of the Hicks offices around the globe follow a similar format. Hicks is a man who likes comfort and pleasant surroundings and he assumes his employees feel the same way about working in beautifully appointed offices with the latest mechanical and technical facilities at their fingertips. The offices present the quiet elegance of richly paneled walls and choice art works, but they also have meeting rooms for visiting hotel men and the Miami and New York offices house theatres built expressly for orientations or presentations to the travel industry by hotel sales teams or individual managers. Office space is also provided for visiting hotel managers where they can meet with prospective clients in privacy.

To the ordinary traveler, hotel representatives is still somewhat of a mystery, but Hicks explains it simply as doing the job of the hotel manager or sales manager if he could be in 15 places at one time. "It's damned hard work, demanding but fun. We strive to increase the sales volume of the properties we represent, provide a reservation and marketing network and among other services present the image of the property to the public, the association executive, the corporate executive and the travel agent."

The Hicks Organization consists of 16 corporations stretching from Honolulu to Frankfurter (none are franchised), plus affiliate offices in six cities in the Far East. Over 100 major cities are covered by the Hicks' reservations and marketing network. The newest office in Frankfurt, Germany opened October 1, 1969.

Last year a Hotel Management Division was formed under the direction of Ray Watson, a veteran hotelier. It does not affect the representation organization, but provides a service that complements those already offered. Affiliate management groups have been announced in London with others soon to be announced in Canada, Bangkok and Hawaii.

Hicks maintains no "main office" for fear of subordinating the total picture to the problems of individual offices. These remain the complete responsibility of the various office managers.

To keep in close touch with his far flung organization, Hicks airmails recorded messages. He has found this system of communication overcomes time zone differences and enables recipients to absorb messages at their own convenience. Following a similar pattern in residences, Hicks maintains a home in Miami and apartments in New York, Chicago, Washington, Los Angeles, Florence, Italy and two in the Bahamas (one in Nassau and the other in Freeport). This makes traveling to these focal points on the globe possible at a moment's notice for the executive who claims the world as his hobby.

Hicks is unemotional about his success, grateful but not overawed by it. He learned his trade well and did well by it. At 29 he was the youngest president of the International Hotel Sales Management Association. He has been recognized in the Congressional Record, received numerous awards for his promotional efforts in the travel industry and for his civic contributions, but he has somehow managed to remain an astonishingly normal person. At the 41st Annual Convention last year of the 4,000-member Hotel Sales Management Association, Leonard Hicks was one of the four persons honored by being named to the "HSMA Hall of Fame." He has authored five Sales Books and donated them to the Association. He serves as Chairman of the HSMA Educational Foundation and is in the process of writing his sixth book.

In addition to his strenuous business pursuits, Hicks is an active sportsman and his shelves are lined with trophies attesting to the handball, boxing and golf prowess of his younger days. His varied activities require excellent physical condition and a light daily work out is part of his Miami area routine.

A convenience demanded by his heavy schedule is a complete barber shop in his home. The barber chair in which his favorite barber attends him is one of his favorite gimmicks. It was installed on the same floor of the Hicks' home as the art studio built for his wife Dorothy, an accomplished portrait artist who studies every year in Florence, Italy.

The Leonard Hicks Organization is a relatively youthful team with the average executive group age at 43 and the overall corporate average at 32. Many languages are spoken in most offices with nationalities of personnel sounding like a mini-United Nations, another pattern followed by the Hicks "family."

Having no children of their own, Mr. and Mrs. Hicks "adopted" fifteen youngsters, each in need of help and each from a different country where poverty is often severe and a chance to earn a decent living is slim. The children live in their native countries where they will remain until they can complete their education, but the Hicks Organization hopes to make their dreams turn into reality through encouragement, financial support and visions of wide horizons. Chains of correspondence with the children have been established and Mr. Hicks is never too busy for a growing youngster's individual problems.

While Hicks is a successful man in the broadest sense of the word, he still feels that real success is measured by accomplishment. A soft spoken, emotionally happy man, he says that the "joy of doing is what really counts."

A recognized travel authority, Hicks looks at the future. With transportation continuing to shrink the world, the international tourism picture has just begun to develop, according to Hicks. He is convinced that the Bahamas will continue to receive more than their proportionate share of the business, so long as they continue to earn it.

"Several ingredients are necessary for the continued development of tourism," says Hicks who has seen the world many times and is in a position to analyze the market. "A healthy political attitude and a welcome mat for the visitor is required and the Bahamas have both. Tourists travel in order to get away from the problems of home. They look for fun, relaxation and escape from their daily involvements. They will go where they are wanted."

With a note of caution, he adds, "Tourism to the Bahamas is everyone's job, not just the hotel industry, the Ministry of Tourism, the travel agent, or the hotel rep. It is the job of the government, the airline or steamship carrier, the customs inspector, the cab driver, the doorman, the room clerk and yes, the man on the street whose economy depends in some measure on tourism. People don't have to go anywhere . . . they may go once, but they return over and over again, then you have a successful resort area."

You could call Leonard Hicks an original man in the true sense of the word. He refuses to fit into a mold and despite his many successes has remained an independent man who forms his judgments without concern for the approval of other people. He feels that all individuals deserve respect and he gives it. As a result, he receives a great deal of respect in return. A remarkably modest man, he says he has learned more from his failures than from his successes.

And always with him, wherever he goes, is the maxim passed on to him by his father . . . "Success is a journey, not a destination."

THE AMERICAN INDIAN

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

Mr. HALEY. Mr. Speaker, much has been written recently about the plight of the American Indian. I regret that much of the interest displayed is by persons who have expressed little or no interest in Indians in the past, by persons who have little knowledge about Indian history, and by persons who have little knowledge about the efforts of the United States to help the Indians. The comment tends to be emotional rather than rational; and some of it appears, unfortunately, to be designed primarily to gain publicity.

The problem needs to be put in perspective. As chairman of the Subcommittee on Indian Affairs, I have spent many hours, days, weeks, months, and years in an effort to help the Indians improve their social and economic conditions. I believe that I am as sympathetic as anyone to their needs, and I sincerely want to help them. In my opinion, it is a disservice to the Indians to distort the facts and to state half-truths.

Some basic facts need to be restated. Although they are vaguely known, they tend to be ignored in appeals to the emotions.

The Indians were badly treated during the earlier periods of our history. There is no dispute about that fact, and most Americans regret this part of our history. The past is past, however, and at some point the effort to make amends must be regarded as completed. We cannot beat our collective breasts and tear our thinning hair forever. At some

time the Indians must be regarded in the context of present day circumstances.

It should be noted that practically all of the Indians who were the subject of mistreatment in the past are no longer living. It is their descendants with whom we are concerned, and the Government is not guilty of mistreating them. During the present century the Government's approach to the Indians has been constructive rather than oppressive.

I should also point out that our country is the only country in the world that has set up a system that allows the aboriginal inhabitants to sue the Government and recover just compensation for the lands that were taken from them by conquest. The Indian Claims Commission was established for that purpose in 1946, and it is in the process of adjudicating all of the remaining tribal claims. Many millions of dollars have already been awarded, and many of the cases are not yet completed.

Many people also fail to realize that the Indians are not a single unified group. They are divided into many different tribes, with different histories, different needs, different desires, different organizations, and different cultures. They cannot be forced into a uniform mold. On the contrary, the needs of each tribal group must be considered separately. The hundreds of statutes on our books reflect this fact. While some of our legislation is general in nature, most of it is tailored to meet the needs of a particular tribe. This approach places a severe burden on the Congress, because in a sense it must function as a local legislature for each tribe. Although this is burdensome, it is appropriate. The tribes are different and their different needs should be recognized.

There is also a frequent failure to realize that Indians today are full citizens of the United States and the States where they reside. This was not always so. Today, however, they are entitled to vote and to participate in all Federal and State programs without discrimination.

Although Indians are eligible to participate in all general programs, Indians are the only ethnic group for whom the Federal Government provides special services that are not provided for others. This fact is frequently overlooked.

I sometimes hear this question asked: "How does it happen that after 150 years of Federal control over Indian affairs the Indians are still so poverty-stricken?" Another version of the question is: "Why does the Federal Government not take care of all the financial needs of the Indians?" While I frequently question the efficiency of the Bureau of Indian Affairs and the Secretary of the Interior, these questions are really unfair. We do not yet have a welfare state that provides all essential services from the cradle to the grave, and I hope we never will. There is still room in this country for individual initiative. There is still a place for private charitable and philanthropic work. This is as true of Indian communities as it is of non-Indian communities.

Emphasis is frequently placed on the increasing amounts of money spent by the Federal Government on Indian programs. A few years ago it was less than $100,000,000 per year. Now it is almost one-half billion dollars per year. While these facts are correct, constantly increasing expenditures are not the answer to the problem.

I am not sure there is any single answer, and I know there is no simple answer. There is a general consensus that our ultimate goal is to raise the educational and economic level of all Indian communities to a point where the individual Indians can manage their own affairs without special Federal assistance, and where the Indians can participate on a plane of equality at all levels of our social and political life. While this goal is easily stated, the means for attaining it are much more elusive.

Several conflicting philosophical attitudes are involved. For example, Indian reservation resources cannot possibly support all of the Indians living on or near the reservations. Either more jobs must be brought to the reservation, or some of the Indians must leave the reservations and seek jobs elsewhere. Indians are free to live and work where they desire. Although there is a limit to the creation of jobs on the reservations, some people want to encourage the Indians to remain on the reservations and rely on welfare subsistence in order to preserve a tribal community. Others feel that Indian cultural values can be preserved without keeping the Indians isolated as an ethnic group. No other minority group in this country is encouraged to maintain ethnic identity in this manner.

Another philosphic conflict is the desire to get as many special benefits as possible for Indians as a group in contrast to a desire to distinguish between those members of the group who need special help and those who do not.

Another conflict involves the desire to educate Indian children in the regular public schools, rather than educate them in segregated Federal schools on the various reservations. In many cases the latter is the only realistic alternative because of location and transportation problems, but in other cases there is a choice.

Another conflict involves cost-sharing between the Federal and State Governments. Indians are citizens and are entitled to all State and local services that are provided for citizens generally. In some cases, however, efforts are made to place the entire financial burden on the Federal Government.

Another conflict involves the desire to foster and expand tribal governments as separate political entities outside the Federal-State system; that is, to let tribal governments operate as enclaves within the boundaries of, but not a part of, the States. Historically, this was necessary in the earlier days, but it is not necessary in many instances today.

Another philosophic conflict involves an emotional use of the phrase "self-determination," which is used to mean that each Indian tribe should have the right to determine for itself the extent to which a particular Federal law should be changed or applied to that tribe. This is a distortion of the phrase and ignores the fact that no other ethnic or minority group has that privilege, and the fact that no special interest group has a right, under the guise of self-determination, to require the Federal Government to continue or discontinue any particular program.

Without further elaboration, I hope that I have said enough to show the need to marshal the facts carefully when considering a specific legislative proposal concerning Indians, and to refrain from an emotional approach based on wrongs inflicted on a different people in a different century. I also hope that persons sincerely interested in helping the Indians will offer specific suggestions rather than generalized criticisms of the past.

PRESIDENT URGES MEMBERS OF CONGRESS TO JOIN IN FIGHT AGAINST INFLATION

(Mr. GERALD R. FORD asked and was given permission to extend his remarks at this point in the RECORD and to include a letter from the President of the United States.)

Mr. GERALD R. FORD. Mr. Speaker, there has just been delivered to me a letter from the President of the United States, appealing to Members of this Congress to join with him in bringing inflation under control through firm budget and fiscal policies. I understand that a similar letter was sent to the distinguished Speaker and, while the hour is late and time does not permit me to read it in full, I commend the thoughtful and statesmanlike statement of President Nixon regarding the current state of our economy to each of my colleagues. We have equal responsibility with the executive branch for protecting the American consumer and the American saver against runaway prices and the steady erosion of his dollars. I hope we will face up to this responsibility in the remainder of this session and throughout the New Year.

The text of the President's letter follows:

THE WHITE HOUSE,
Washington, December 17, 1969.

HON. GERALD R. FORD,
Washington, D.C.

DEAR CONGRESSMAN FORD: When government spending gets out of hand, consumer prices go out of sight. To combat rising prices, I proposed last April to hold down Federal spending to $192.9 billion, cutting $4 billion from the programs proposed by the prior administration.

The integrity of the $192.9 billion budget total was seriously threatened in the summer by Congressional actions and by increases in uncontrollable payments such as interest on the public debt. To hold the line, I directed a further cut of $3½ billion in controllable budget outlays. Six out of seven dollars of this reduction was in Defense, a cut which last week concurred in by the House of Representatives.

The Congress, in midsummer, also expressed its concern for overall fiscal responsibility, fixing a ceiling of $191.9 billion on total budget spending. This is one billion dollars less than my own target.

The Congressional limit, however, was a rubber ceiling. It provided—quite appropriately—an allowance for further increases in those uncontrollable payments, but it also—quite wrongly—removed the incentive for the Congress to exercise continued restraint by

providing that increase spending later enacted by the Congress would be added to the ceiling and decreases taken away. The *only* significant decrease the Congress has considered thus far is the defense cut we had already made last summer. Every other major change has been up—more spending, which would have the effect of driving prices upward.

Furthermore, the legal allowance for uncontrollables was limited to $2 billion. But committed government payments in 1970 are likely to exhaust that $2 billion allowance and go an additional $2 billion beyond. Interest cost on the public debt has mounted by another $½ billion. In addition, quite apart from newly proposed Social Security benefit increases, existing Social Security, Medicare and similar benefit payments fixed by law will add another billion dollars to the April estimate. Still another $½ billion overrun is imminent, reflecting increased spending because of the loss of offsetting offshore oil receipts, and a potential shortfall in the sale of government financial assets, due to the persistence of high interest rates. In all, about six billion dollars in fixed, built-in increases have swelled government spending since we took office in January.

Therefore, both the Congressional ceiling and my own fiscal target are in jeopardy. The responsible path toward protecting the buying power of the consumer's dollar is clear. But the Congress has not appeared to be willing to take that path.

Congressional actions that have already passed at least one House could add about $4 billion to Federal spending this fiscal year. Such spending includes:

—Increased educational aid provided by the Labor–HEW appropriations bill.

—A premature civilian and military pay raise, following on the heels of substantial raises just this past summer.

—A 15 per cent increase in Social Security benefits in place of my 10 per cent recommendation, and effective months earlier.

—New legislation, worthy though it may be, to benefit veterans, children and others.

In addition, a billion dollars this year has been lost through Congressional inaction on Administration requests to make the postal system self-supporting and to permit sales of certain financial assets of the Farmers Home Administration and the Veterans Administration—actions which do not affect at all the benefits of these programs.

Taken together, this combination of action and inaction would load an additional five billion dollars onto an already overheated economy.

In spite of these actions that increase *expenditures*, recent Senate tax actions to increase personal income tax exemptions and retain part of the investment credit would, if approved, actually take $1.6 billion away from *revenues*.

The Congress appears to be well on its way to substituting tax reduction for tax reform. This will harm rather than help the average taxpayer. Sugar-coating a bitter pill is understandable, but all sugar coating and no pill will not help the patient. A tax cut for some citizens would mean a rise in prices for every citizen.

In a situation without parallel in our history, we came into the month of December, almost halfway through the fiscal year, with most of the regular appropriation bills yet to be passed. If the Administration is to achieve its goal of slowing down the rise in prices, it will have to reserve funds on many popular spending programs. The other course—of appealing to sundry interests—would run directly counter to the public interest.

A dollar of spending does not add just one dollar to the spending stream: It is spent, and in turn provides income to someone else to spend again, multiplying its effects. Every dollar released through reduced taxes or increased expenditures will produce several dollars of additional price pressures in the economy as those who receive the initial benefit in turn spend the money. A billion dollars of Federal spending or tax relief can add many times that amount to the escalation of our rising price levels. And inflation—the hole in everybody's pocket—is the most unfair tax of all.

If the American people do not believe that their government will maintain its commitment to a responsible fiscal policy, inflationary expectations will raise prices and interest rates further.

In a year that is already half gone, the Administration's ability to make expenditure cuts in the few areas where we have discretion is quite limited. Significant cuts would adversely affect the proper execution of ongoing government programs.

With the full loss of the surtax by July 1, revenues for the year beginning that day must be calculated from a base $8½ billion lower than the present base. At the same time, increases in uncontrollable Federal payments will raise next year's budget expenditures substantially—probably above $200 billion—quite apart from further Congressional spending actions or Administration initiatives to meet critical national challenges.

The achievement of a sound prosperity with steady economic growth demands restraint now. New Federal programs and increased benefit payments would be dissipated by ever-rising prices.

The Congress, along with the Executive Branch, carries the responsibility for the economic health of the nation.

This budget whipsaw—and the proposed increase in spending and reduction of revenues does whipsaw the consumer—comes at a particularly ironic time in the course of economic events. While restoring order in an economy racked by inflation for over five years requires the patience of Job, the fact is that some results have already been showing up:

—Retail sales have been relatively flat since midsummer.

—Business inventories have been piling up more rapidly, and this may require some further easing of production schedules.

—The consumer price index was rising at the rate of 6.4% per year in the first half of 1969, but the rate has dropped to 5.3% per year since June.

This is tangible evidence that we are beginning to make some progress in relieving those excess pressures on the economy that have been driving up the cost of living.

We are now, therefore, at a critical moment. If we persevere in strong, responsible fiscal policies, we can expect to see confidence building steadily in the year ahead—confidence that government really does intend to manage economic policies responsibly. The way we handle the Federal budget will determine whether millions of consumers can balance their family budget.

Unfortunately, reluctance by the Congress to come to grips with the need to hold down prices is recreating doubts about the will of government to persevere. An increase in personal exemptions or further large increases in Federal expenditures, let me repeat, do not make people better off in an economy already under pressure. They simply guarantee that price tags in the grocery stores, and the cost of living generally, will be higher.

These actions go a long way toward explaining why our financial markets find it hard to believe that Washington is capable of responsible budget policy.

Recently high quality bond issues could be marketed only at interest rates in excess of 9 per cent. It is difficult to develop a flourishing mortgage market when high grade corporate bond yields are at these levels. Why are bond rates so high? Contrary to what some believe, the primary reason is not Federal Reserve policy. Interest rates are high because savers and managers of money are insisting that nominal rates be high enough to give them a worthwhile rate of return after the inflation which they are assuming will continue.

We stand at the crossroads of credibility. If we can regain a fiscal grip on ourselves and carry through with a strong budget and fiscal policy, we can build on the growing evidence that policies of 1969 are beginning to exert a stabilizing effect. But if we miss this opportunity, it will be a long time before the public will ever believe that government can manage its finances in any way other than to produce sustained and serious inflation.

For this reason, I urge the Congress to join with the Executive Branch in a continuing display of determination to hold down spending and maintain revenue so as to contain the cost of living, no matter what the cost in political popularity. At stake is nothing less than the future of the American economy.

Sincerely,

RICHARD NIXON.

TROOP STRENGTH CUT IN VIETNAM PERMITS REDUCTION IN DRAFT CALL

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

Mr. GERALD R. FORD. Mr. Speaker, President Nixon's cutback of an additional 50,000 in our troop strength in Vietnam has produced a side effect which will help to make Christmas 1969 more merry for all Americans.

I refer to Secretary of Defense Laird's announcement that the troop withdrawal will permit a similar reduction in the total size of our Armed Forces and thus will mean a 10-percent reduction in the 1970 draft call.

This 10-percent cut in the draft call strengthens the possibility that roughly one-third of the men whose names were recently drawn in the "luck of the draw" lottery will never be inducted into the Armed Forces. And the steady reduction we are seeing in the total size of Armed Forces points also toward the day when we can go to an all-volunteer Army and do away with the draft.

I agree with the Defense Secretary's warning that there will probably be difficult days ahead for the South Vietnamese forces who are gradually taking over the combat burden from us in Vietnam. But I think the evidence to date indicates that the program of Vietnamization so vigorously pushed by the President is proceeding on schedule.

I would also observe that even those Americans most inclined to doubt it are now convinced the President has a carefully drawn plan to end the Vietnam war.

Mr. Speaker, I believe that President Nixon has done a tremendous job of dealing with the Vietnam problem and that he deserves the praise and thanks of all of us.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SISK, for December 18, 1969 through January 5, 1970, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BINGHAM, for 60 minutes, today; to revise and extend his remarks and to include extraneous matter.

Mr. STAGGERS, for 60 minutes, on Thursday, December 18; to revise and extend his remarks and to include extraneous matter.

(The following Members (at the request of Mr. DANIEL of Virginia) to revise and extend their remarks and include extraneous material.)

Mr. GONZALEZ, for 10 minutes, today.

Mr. RARICK, for 10 minutes, today.

Mr. BINGHAM, for 60 minutes, December 18.

Mr. SIKES, for 30 minutes, December 18.

Mr. SIKES, for 30 minutes, December 19.

Mr. MILLER of Ohio (at the request of Mr. PETTIS), for 5 minutes today; to revise and extend his remarks and include extraneous material.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. PHILBIN in four instances and to include extraneous matter.

Mr. BURTON of Utah (at the request of Mr. SAYLOR) to extend his remarks on the conference report on mine safety.

(The following Members (at the request of Mr. DANIEL of Virginia) and to include extraneous matter:)

Mr. MANN.
Mr. CONYERS in six instances.
Mr. LONG of Maryland in two instances.
Mr. RIVERS in two instances.
Mr. PEPPER in three instances.
Mr. ALBERT in two instances.
Mr. WALDIE.
Mr. BURKE of Massachusetts.
Mr. MARSH.
Mr. VAN DEERLIN.
Mr. THOMPSON of New Jersey.
Mr. KLUCZYNSKI.
Mr. FOUNTAIN.
Mr. YATES.
Mr. MOSS in two instances.
Mr. JONES of Tennessee.
Mr. TEAGUE of Texas in ten instances.
Mr. PURCELL in two instances.
Mr. RYAN.
Mr. FEIGHAN in two instances.
Mr. BOLAND.
Mr. OTTINGER in two instances.
Mr. GONZALEZ in two instances.
Mr. COLMER in two instances.
Mr. KOCH in two instances.
Mr. PICKLE.
Mr. DANIELS of New Jersey in ten instances.
Mr. CORMAN.
Mr. DULSKI in six instances.
Mr. MOORHEAD in two instances.

(The following Members (at the request of Mr. PETTIS) and to include extraneous material:)

Mr. ERLENBORN.
Mr. PETTIS.
Mr. ASHBROOK.
Mr. EDWARDS of Alabama.
Mr. WYMAN in two instances.
Mr. WHALLEY.
Mr. SKUBITZ in three instances.
Mr. BROOMFIELD in four instances.
Mr. HOSMER in two instances.
Mr. MCCLURE in two instances.
Mr. FOREMAN.
Mr. ROUDEBUSH in three instances.
Mr. WEICKER.
Mr. BROTZMAN.
Mr. LANDGREBE in two instances.
Mr. KUYKENDALL.
Mr. KEITH in two instances.
Mr. NELSEN.
Mr. WIGGINS.
Mr. MYERS.
Mr. DERWINSKI in two instances.
Mr. THOMPSON of Georgia.
Mr. MORSE in two instances.
Mr. BROYHILL of Virginia.
Mr. WOLD.
Mr. LUKENS in two instances.

ENROLLED BILL SIGNED

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee had examined and found a truly enrolled bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 14916. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 1108. An act to waive the acreage limitations of section 1(b) of the Act of June 14, 1926, as amended, with respect to conveyance of lands to the State of Nevada for inclusion in the Valley of Fire State Park;

S. 2734. An act granting the contest of Congress to the Connecticut-New York Railroad Passenger Transportation Compact;

S. 3169. An act to amend the Atomic Energy Act of 1954, as amended, and for other purposes; and

S.J. Res. 90. Joint resolution to enable the United States to organize and hold a diplomatic conference in the United States in fiscal year 1970 to negotiate a Patent Cooperation Treaty and authorize an appropriation thereof.

ADJOURNMENT

Mr. DANIEL of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 32 minutes p.m.), the House adjourned until tomorrow, Thursday, December 18, 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:

1419. A letter from the Comptroller General of the United States, transmitting a report on the opportunity for savings and better service to map users through improved coordination of federally financed mapping activities. Geological Survey, Department of the Interior; to the Committee on Government Operations.

1420. A letter from the Comptroller General of the United States, transmitting a report on the opportunities for more effective use of an automated procurement system for small purchases, Department of the Navy; to the Committee on Government Operations.

1421. 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.

1422. A communication from the President of the United States, urging Congress to hold down spending and maintain revenues (H. Doc. No. 91–205); to the Committee on Ways and Means and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as folows:

Mr. POAGE: Committee on Agriculture. H.R. 6244. A bill to enable the Secretary of Agriculture to extend financial assistance to desertland entrymen to the same extent as such assistance is available to homestead entrymen; (Rept. No. 91–762). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs, H.R. 10184. A bill to provide for the disposition of judgment funds of the Sioux Tribe of the Fort Peck Indian Reservation, Mont.; with amendments (Rept. No. 91–763). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 11372. A bill to amend the act entitled "An act to authorize the partition or sale of inherited interests in allotted lands in the Tulalip Reservation, Wash., an for other purposes", approved June 18, 1956 (70 Stat. 290); with an amendment (Rept. No. 91–764). Referred to the Committee of the Whole House on the State of the Union.

Mr. GARMATZ: Committee of Conference. Conference print on S. 1075 (Rept. No. 91–765). Ordered to be printed.

Mr. MAHON: Committee of Conference. Conference report on H.R. 15090 (Rept. No. 91–766). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DINGELL (for himself, Mr. REUSS, Mr. SAYLOR, Mr. FEIGHAN, Mr. MCCLOSKEY):

H.R. 15300. A bill to amend section 8(c) of the Federal Water Pollution Control Act relating to reapportionment of unobligated funds; to the Committee on Public Works.

By Mr. FARBSTEIN:

H.R. 15301. A bill to encourage State and local governments to reform their tax systems so as to decrease the property tax burden of low-income taxpayers; to the Committee on Ways and Means.

H.R. 15302. A bill to encourage State and local governments to reform their tax systems so as to decrease the sales tax burden of low-income taxpayers; to the Committee on Ways and Means.

H.R. 15303. A bill to encourage State and

local governments to adopt more equitable personal income taxes; to the Committee on Ways and Means.

By Mr. MINSHALL:

H.R. 15304. A bill to establish an Office of Consumer Affairs to advise the President with regard to all matters affecting the interests of consumers, to have central responsibility for coordinating all Federal programs and activities affecting consumers, and to assure that the interests of consumers are considered by Federal agencies; to establish a Consumer Advisory Council to advise the Director of the Office of Consumer Affairs on matters relating to the consumer interest; and to establish a Consumer Protection Division within the Department of Justice to represent the interests of consumers in administrative and judicial proceedings; to the Committee on Government Operations.

By Mr. PODELL:

H.R. 15305. A bill to amend title II of the Social Security Act to provide for the payment of social security benefits on a semimonthly basis; to the Committee on Ways and Means.

By Mr. TALCOTT:

H.R. 15306. A bill to establish a Select Commission on Nationality and Naturalization; to the Committee on the Judiciary.

By Mr. BINGHAM:

H.R. 15307. A bill to implement the Convention on the Recognition and Enforcement of Foreign Arbitral Awards; to the Committee on the Judiciary.

By Mr. DUNCAN:

H.R. 15308. A bill to delay for 1 additional year any reduction in certain pension or dependency and indemnity compensation payable under title 38 of the United States Code resulting from increases in insurance benefits under the social security amendments of 1967; to the Committee on Veterans' Affairs.

By Mr. GALLAGHER:

H.R. 15309. A bill to require mailing list brokers to register with the Postmaster General, and suppliers and buyers of mailing lists to furnish information to the Postmaster General with respect to their identity and transactions involving the sale or exchange of mailing lists, to provide for the removal of names from mailing lists, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. LUKENS (for himself, Mr. BUCHANAN, Mr. CARTER, Mr. DON H. CLAUSEN, Mr. COWGER, Mr. FISH, Mr. FISHER, Mr. FRIEDEL, Mr. LUJAN, Mr. POLLOCK, and Mr. SNYDER):

H.R. 15310. A bill to exclude from gross income the first $750 of interest received on deposits in thrift institutions; to the Committee on Ways and Means.

By Mr. RANDALL:

H.R. 15311. A bill to provide additional benefits for optometry officers of the uniformed services; to the Committee on Armed Services.

By Mr. STAGGERS:

H.R. 15312. A bill to amend the Railroad Retirement Act of 1937 to provide a 15 per centum increase in annuities; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITEHURST:

H.R. 15313. A bill to amend title 10, United States Code, to provide for the rank of major general for the Chief of the Dental Service of the Air Force; to the Committee on Armed Services.

By Mr. BROTZMAN (for himself, Mr. ARENDS, Mr. NELSEN, Mr. TIERNAN, Mr. POLLOCK, Mr. SCOTT, Mr. PELLY, Mr. ESCH, Mr. BRADEMAS, Mr. MATHIAS, Mr. LUKENS, Mr. MCKNEALLY, Mr. STOKES, and Mr. MATSUNAGA):

H. Res. 757. Resolution to amend the Rules of the House of Representatives to create a standing committee to be known as the Committee on the Environment; to the Committee on Rules.

By Mr. BROTZMAN (for himself, Mr. BEALL of Maryland, Mr. MORSE, Mr. SHRIVER, Mr. DEVINE, Mr. KUYKENDALL, Mr. THOMSON of Wisconsin, Mr. BUSH, Mr. SANDMAN, Mr. HASTINGS, Mr. ADAIR, Mr. GOODLING, Mr. FRELINGHUYSEN, Mr. DANIELS of New Jersey, and Mr. BUTTON):

H. Res. 758. Resolution to amend the Rules of the House of Representatives to create a standing committee to be known as the Committee on the Environment; to the Committee on Rules.

By Mr. MINSHALL:

H. Res. 759. Resolution to amend the Rules of the House of Representatives to create a standing committee to be known as the Committee on the Environment; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred, as follows:

By Mr. DONOHUE:

H.R. 15314. A bill for the relief of Dr. Ghansham P. Massand; to the Committee on the Judiciary.

By Mr. PODELL:

H.R. 15315. A bill for the relief of Aveleen Elfredia Hughes; to the Committee on the Judiciary.

By Mr. YATES:

H.R. 15316. A bill for the relief of Miss Ljiljana Nikodinovic; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

358. The SPEAKER presented petition of Bedingfield, Grant & Bedingfield, attorneys at at law, Coos Bay, Oreg., attorneys for Larry Lucas, Agness, Oreg., relative to the proposed plan of the Forest Service, Department of Agriculture, for the Rogue River in Oregon under the Wild and Scenic Rivers Act (Public Law 90-542); to the Committee on Interior and Insular Affairs.

EXTENSIONS OF REMARKS

RESOLUTION PAYS TRIBUTE TO SERVICEMEN

HON. JULIA BUTLER HANSEN

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 16, 1969

Mrs. HANSEN of Washington. Mr. Speaker, I am proud to be a cosponsor of the House resolution which "pays the highest tribute to the American serviceman who has has given his life or has been wounded in the Vietnam conflict" and which "commends each serviceman and veteran of Vietnam for his individual sacrifice, bravery, dedication, initiative, and devotion to duty."

I believe it is important that this position be plainly stated and that it be widely known that this resolution passed the House unanimously last Monday.

Furthermore, we should note that under the House rules, only 25 Members could be cosponsors of the actual resolution which passed—H.R. 661. But that is only part of the picture. There were a total of nine bills—each with a similar message—which were before the Committee on Armed Services. I was a cosponsor of H.R. 662, which contained the same thanks for "the bravery and dedication" of our servicemen.

In addition to the unanimous vote, we should point out carefully that a total of 152 Members of Congress joined as cosponsors of this declaration. Under House rules, the public should know, each of those nine resolutions is considered passed.

The resolution made clear in its wording, sponsorship, and vote that our servicemen have maximum support from the House of Representatives.

SOCIAL SECURITY AMENDMENTS OF 1969

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 16, 1969

Mr. HANNA. Mr. Speaker, in March of this year, a noted task force reported to the Special Senate Committee on Aging the following conclusion:

The average social security benefit payable to an elderly couple who retired in December 1950—even though it has been adjusted over the years—would now purchase a significantly smaller fraction of the Retired Couple's Budget for a Moderate Standard of Living than at the time of retirement.

What this means is that the cost of living has been rising at such a pace, even though social security payments have increased more than 100 percent since 1950, a retired couple actually can purchase less now than he did 20 years ago.

The Department of Labor has determined that a retired couple can have a moderate standard of living with an income of around $340 a month. A poverty, or what has been termed a "lower budget" for an elderly couple averages $220 a month.

Breaking these figures down, the Department of Labor would allow about $15 a week for food for retired couples living at the lower budget. Housing transportation, clothing are similarly scheduled.

Now, of course, these figures are just for the lower budget $220 a month. Present social security benefits are almost 100 percent less than the minimum poverty budget. Today most retired couples depend upon social security for the major portion of their budget. The maximum payment of $118 per month of the retired poor is supplemented by State welfare—old-age assistance—checks. In no instance do welfare payments bring their recipients up to the minimum poverty budget.

In other words, the majority of elderly Americans receive a monthly income that