on January 1, 1970, a young Negro woman made a complaint to the Birmingham Police Department that she had been raped on the previous night. Similarities of description and mannerisms of the culprit in that case resulted in the arrest of John Henry Jones, Jr., and charges being placed against him arising out of offenses committed against both women. Rose Marie Campisi's wrist watch, which had been forcibly taken from her at or about the time of the rape, was recovered from a local pawn shop and John Henry Jones was identified by the operator as being the person who pawned the watch. When arrested, John Henry Jones had the pawn ticket for the watch on his person. Rose Campisi made a positive identification of this defendant from photographs and from personally viewing him among a large group of persons. Additionally, with full constitutional guarantees and the Miranda procedure followed, Jones made and signed a written statement admitting having forced the young girl into her automobile and leaving the hospital area with her but claimed not to remember subsequent events partly because of a high degree of intoxication.

Rose Marie Campisi testified that after the defendant abducted her at the hospital, he drove her to an isolated area in a rural community, where he stopped the car, drug her from it, beat her with his fists, kicked her, stomped her, dragged her seventy feet into the woods, stripped her clothing from her and shot over her head as she struggled to try to prevent him from removing her panties. She further testified that he raped her, drug her back on to the roadway where he tied her hands and feet together, placed her in front of the car and ran the car over her arm and leg, she having succeeded in squirming out of the path of the wheels as they passed over a part of her body. She further testified that the defendant then put her in the trunk of the car in this bound condition, laughed at her, slammed the trunk door on her and she then knew the car was being driven into the ravine because of the crashing and bumping. She remained in the trunk of this automobile for approximately twenty-four hours, being conscious most of the time.

When the car was found it was substantiated that the defendant had obtained all available paper material in the car and set it on fire prior to running the car into the ravine.

John Henry Jones, Jr. was indicted in four separate cases for the offenses of Kidnaping, Assault With Intent To Murder, Rape and Robbery. Under Alabama law the offenses of Rape and Robbery are capital offenses, either one of which carry a penalty from ten years to a maximum penalty of death. Only one case can be tried at a time and the state elected to go to trial on the Robbery case first. Upon a trial of this case on the Robbery charge, the state was permitted to show all the acts of the defendant as set out herein.

[From the Birmingham (Ala.) News, June 14, 1970]

CAMPISI CASE: SLANTED NEWS ITEM ANGERS MORGAN

A Michigan woman wrote to the district attorney in Birmingham about the death sentence given John Henry Jones Jr. in the Campisi case.

"As one human being to another, could you please explain to me the justice in this decision?" Mary Begaert wrote. "Please tell me about why a jury should condemn a man to death for such a crime as robbery."

Mrs. Bagaert enclosed a clipping from her local paper.

The brief wire service story was headlined "$30 Robbery Brings Negro Death Penalty."

Following the head, it said: "Birmingham, Ala. (AP)—An all-white jury has decreed the death penalty for a Negro convicted of robbing a white girl of $30 and a wrist watch.

"The seven women and five men of the Circuit Court jury deliberated less than three hours Thursday night before returning the verdict against John Henry Jones Jr., 23."

The letter and clipping from Mrs. Begaert is just one of many from all over the United States, Canada and one from Italy. Some letters were more accusing or critical than concerned about justice. Stories clipped from other newspapers were much the same.

Jefferson County Dist. Atty. Earl C. Morgan's office is responding individually to the letters with return addresses and giving a short outline of the brutal circumstances of the robbery.

Morgan also wrote Associated Press General Manager Wes Gallager and enclosed a summary of testimony heard by the jury which fixed the death penalty.

The case involved the kidnaping of young Rose Marie Campisi at gun point on a Saturday afternoon last fall; the vicious attack, beating, stomping of the slender girl and the obvious intent to murder her by tying her hand and foot, running the car over her, locking her in the car trunk and starting a fire in the car before rolling it into a remote ravine. These were the circumstances in which the girl was robbed of $30 and her watch.

The victim was found, miraculously alive, and was rescued from the car more than 24 hours later.

Morgan included in his summary to Gallager some of the evidence which tied Jones to the crime.

In his letter to the AP general manager, Morgan wrote:

"I firmly believe that if the full facts had been reported in the press, we would not have been subjected to the unfounded criticisms which we have received.

"It would appear to me that a sense of fair play and good journalism would impel you to disseminate the full facts in this case to your reading public. This type of inaccurate reporting has been responsible for much of the turmoil throughout the country and largely responsible for the misunderstanding which exists about our Southern states."

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. KENNEDY. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 a.m. tomorrow.

The motion was agreed to; and (at 11 o'clock and 51 minutes p.m.) the Senate adjourned until tomorrow, Friday, June 26, 1970, at 10 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate June 25, 1970:

U.S. REPRESENTATIVE TO THE INTERNATIONAL ATOMIC ENERGY AGENCY

T. Keith Glennan, of Virginia, to be the representative of the United States of America to the International Atomic Energy Agency, with the rank of Ambassador.

HOUSE OF REPRESENTATIVES—*Thursday, June 25, 1970*

The House met at 12 o'clock noon.

Rev. Thomas L. Guinn, King of Glory Lutheran Church, Arvada, Colo., offered the following prayer:

Your goodness, Lord, never ends.
Great is Your faithfulness.

We wish we could, but we cannot, say that of ourselves with a straight face and get away with it, for there are too many around with good memories, even if for a moment we conveniently forget.

So, humbly we ask to be forgiven, trusting Your never-ending goodness and faithfulness to make what is wrong right between us.

And knowing that You are never content to let it go at that, we ask that You would help us to be much better at being good and faithful people upon whom others can depend, whether riding high or when the bottom is falling out, and through whom You might teach us what we yet may be. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H.R. 3908. An act for the relief of Elizabeth B. Borgnino;

H.R. 8512. An act to suspend for a temporary period the import duty on L-Dopa; and

H.J. Res. 1264. Joint resolution making continuing appropriations for the fiscal year 1971, and for other purposes.

The message also 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. 17138) entitled "An act to amend the District of Columbia Police and Firemen's Salary Act of 1958 and the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes."

APPRECIATION TO REV. THOMAS L. GUINN

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

Mr. BROTZMAN. Mr. Speaker, I would like to take this opportunity to express our deep appreciation to Rev. Thomas L. Guinn for offering the prayer today in the House of Representatives.

Reverend Guinn is the minister of the King of Glory Lutheran Church in Arvada, Colo., one of the fine cities in the Second District which I have the privilege of representing in Congress. Prior to

coming to Arvada 6 years ago, Reverend Guinn served at the Christ Lutheran Church in Springfield Park, Minn., and the Prince of Peace Lutheran Church in Pleasant Hills, Pa. Since his arrival in Arvada, Reverend Guinn has been active in the Denver area ecumenical movement.

Mr. Speaker, I am pleased that Reverend Guinn was able to open our session today, and I am sure I speak for all of my colleagues in expressing the hope that he and his splendid family will be able to be with us again in the near future.

PERMISSION FOR SUBCOMMITTEE ON TERRITORIES AND INSULAR AFFAIRS OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO SIT DURING GENERAL DEBATE TODAY

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Territories and Insular Affairs of the Committee on Interior and Insular Affairs be permitted to sit during general debate today.

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

There was no objection.

PERSONAL EXPLANATION

Mr. KOCH. Mr. Speaker, I was in my district in New York City on Monday, June 22, the day before the New York primary election, when the House considered S. 2315, and on Tuesday, June 23, the day of the primary election, when the House considered H.R. 11833.

Had I been present, I would have voted "yea" on S. 2315, to restore the golden eagle program to the Land and Water Conservation Fund Act, on rollcall No. 182. I would have voted "yea" on H.R. 11833, the Resource Recovery Act of 1970, on rollcall No. 184.

PERSONAL EXPLANATION

Mr. DULSKI. Mr. Speaker, because of obligations in my district, I have missed three rollcall votes. Had I been present and voting, I would have voted "yea" on rollcalls Nos. 168, 182, and 184.

PRESIDENTIAL VETO SHOULD BE OVERRIDDEN

(Mr. EDMONDSON asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. EDMONDSON. Mr. Speaker, today the House will attempt to override the President's veto of H.R. 11102 providing much needed Hill-Burton funds for our hospitals and other urgently needed health dollars.

I will be voting to override this veto, out of conviction that congressional insistence on high priority for these programs is in the public interest.

The telegrams which follow are typical of the messages from Oklahoma which certify strongly to the need for this action:

OKLAHOMA CITY, OKLA.,
June 24, 1970.

Hon. ED EDMONDSON,
House Office Building,
Washington, D.C.:

Worried concerning presidential veto of Hill-Burton extension (HR 11102) which might set unfortunate precedent for similar action on other health bills exceeding Presidential requests. Strongly urge your action to override veto.

Thank you.

JAMES L. DENNIS, M.D.,
Vice President for Medical Center Affairs, University of Oklahoma Medical Center.

TULSA, OKLA.,
June 24, 1970.

ED EDMONDSON,
House of Representatives,
Washington, D.C.:

To contain hospital cost, Oklahoma hospitals must have the Hill-Burton continued and low interest loans for modernization and expansion. We urge you to support to override the Presidential veto of the Hill-Burton bill.

CLEVELAND ROGERS,
Executive Director, Oklahoma Hospital Association.

VINITA, OKLA.,
June 24, 1970.

Hon. ED EDMONDSON,
New House Office Building
Washington, D.C.:

Craig General Hosp Vinita Okla strongly urges your support on House Resolution bill 11102 Medical Facility Instruction bill.

JACK D. MARTIN,
Hospital Administrator.

OKLAHOMA CITY, OKLA.,
June 24, 1970.

Representative ED EDMONDSON,
House Office Building,
Washington, D.C.:

We urge you vote to override Presidential veto HR 11102 tomorrow. Congress must support and insist on measures to preserve and further health care for the American public. Hospitals need help. We are counting on you. God guide you in your decision.

Sister MARY COLETTA and STAFF,
MERCY HOSPITAL.

NATIONAL LEAGUE OF FAMILIES OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA OPENING OFFICE IN WASHINGTON

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

Mr. DICKINSON. Mr. Speaker, the prisoner-of-war problem is not a forgotten issue. There are approximately 4,000 wives and relatives of POW's and MIA's working daily to insure Americans that these brave men will be able to return to our soil.

In their efforts to become more effective, better organized, and to have greater coordination among their members, the National League of Families of American Prisoners and Missing in Southeast Asia is opening an office here in Washington. I would like for all Members and their staffs to know of this office and to utilize the facilities of the new headquarters.

Moreover, Mr. Speaker, on behalf of the families, I extend an invitation to all my colleagues to attend the formal opening of the office of the National League of Families of American Prisoners and Missing in Southeast Asia. The office is located in the Reserve Officers Association Building at 1 Constitution Avenue NE. The time for the formal opening will be Tuesday, June 30, from 2 to 3:30 p.m.

I hope every Member will have the opportunity to drop by the opening. This gesture will emphasize our concern, support and interest in the POW situation. Mrs. Iris R. Powers, national coordinator, and Mrs. Joan M. Vinson, assistant national coordinator, are looking forward to welcoming all of us to the new headquarters.

Thank you, Mr. Speaker.

SECRETARY STANS ENDORSES MILLS BILL

(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, it was a great pleasure to be present when Secretary Maurice Stans endorsed the Mills bill in testimony before the Ways and Means Committee this morning. I commend Mr. Stans and I commend President Nixon for making this recommendation which will enhance early consideration of the Mills textile garment footwear import bill.

It has been a long arduous frustrating period of negotiation with the Japanese since Secretary Stans appeared before the Informal House Textile Committee assembled in the Ways and Means Committee room early last year. It is my understanding that Secretary Stans has had literally scores of meetings with our Japanese friends to voluntarily resolve the import threat to our textile industry and its 2½ million employees. Mr. Stans has labored long and hard, and Mr. Speaker, beyond the call of duty these last 16 months to resolve this pressing problem in a manner mutually advantageous to both the Japanese and the United States.

It is now apparent to all that the Mills bill is the answer. While I regret that the Secretary did not recommend that footwear be included in the Mills bill, I believe that the great Committee on Ways and Means will include footwear with textiles, as these industries are in a special category and the threat of low-wage cheap imports to them is critical.

With 253 Members of the House introducing the Mills bill and a majority of the Ways and Means Committee introducing the Mills bill, and now with the support of the administration, I am confident of favorable consideration by the great Committee on Ways and Means, and overwhelming endorsement by this House.

CALL FOR ACTION ON ANTIBOMB BILL

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

Mr. MAYNE. Mr. Speaker, I am one of 24 Members who introduced the Nixon

administration's antibombing bill, H.R. 16699 on March 26. It was assigned to a subcommittee chaired by the distinguished chairman of the Judiciary Committee on April 24. The bill greatly strengthens our laws concerning illegal use, transportation, and possession of explosives, and increases maximum penalties against convicted violators. It was urgently needed when introduced and the need has become shockingly more apparent with each succeeding terrorist bombing which wreaks death and injury on intended victims and innocent bystanders.

Yet, despite the extreme urgency of the bomb threat in this country, the chairman has not yet scheduled hearings on the bill. I call on all Members of the House, regardless of political affiliation, to join me in pressing for immediate favorable action on this very salutary legislation. It should be given high priority by the subcommittee at its meeting scheduled for tomorrow. The American people will hold all of us accountable if we fail to take prompt and firm steps to curb these outrageous attacks on society itself.

VETO OF THE WRONG BILL

(Mr. RARICK asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RARICK. Mr. Speaker, the President vetoed the medical facilities construction and modernization bill. He explains his veto—complaining about section 601—disliking hospital construction grants, and suggests excessive authorization. He would have us rewrite the bill to please his fancy.

I can find nothing in my oath of office, nor the President's, that requires bowing to political expediency to determine whether or not more hospital beds are needed. Nor that funding by this body for hospital care must comply with the President's budget—but I do recall that our oaths pledge us to support and defend the Constitution of the United States.

The President publicly stated that the Voting Rights Act was unconstitutional because of the 18-year-old vote provision—then he proceeded to sign it into law. His rationale was that while he found the 18-year-old vote unconstitutional, a veto would kill the entire bill, which included the voting rights extension. In so doing he approved the voting rights bill, which is an immoral and repressive law, continuing the Southern States in the posture of conquered provinces, denied self-government, and leaving their citizens without 100 percent American status.

The President's test of constitutionality now tracks the political expediency of the anti-South paranoia, so prevalent in our land today, as a means of trading off the rights of southern citizens for bloc votes elsewhere in the Nation.

Now the President seeks support to sustain his veto—but he vetoed the wrong bill.

THE CONGRESSIONAL BASEBALL GAME—A POSTMORTEM

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

Mr. CONTE. Mr. Speaker, the fine crowd that attended last night's ninth annual congressional Roll Call baseball game was rewarded with a great display of good fun, good sportsmanship and, at least, high-spirited efforts by the athletes in this body to master the intricacies of the national pastime.

I do not want to crow over the outcome—except to congratulate my victorious Republican colleagues who performed with magnificence under the great pressure of maintaining our seven-game winning streak.

Our colleagues from the other side of the aisle went all out to win this one for the Speaker, and I commend their effort.

We on the GOP side are not without sentiment on this occasion. I want you to know, Mr. Speaker, that our victory also was sweeter because of your attendance at the game, and we dedicate this victory to you for the years of support you have given us.

Also to be congratulated on the success of this game is the Congressional Secretaries Club and all the other people who contributed their time and effort to make it another memorable one for the Congress and for baseball.

Mr. Speaker, next year will be the 10th annual game, a special occasion. I want to alert my baseball opponents at this time that we on the Republican side will start earlier and work harder than ever to prepare for that contest.

For this year, however, I think everyone who participated can be proud of a performance that brought much enjoyment to everyone at RFK Stadium last night.

EXPRESSING THE SYMPATHY AND FRIENDSHIP OF THE HOUSE OF REPRESENTATIVES TO THE PEOPLE OF PERU AND COMMENDING THEIR UNIVERSITIES FOR SERVICES OF RECONSTRUCTION AND RELIEF

Mr. SIKES. Mr. Speaker, I offer a resolution (H. Res. 1116) and ask unanimous consent for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1116

Whereas the people of our sister Republic, Peru, suffered a devastating blow as the result of an earthquake on May 31, 1970; and

Whereas the earthquake caused the loss of thousands of lives and the destruction or devastation of many towns and villages, rendering homeless and destitute many thousands of people; and

Whereas the people and government of the United States have opened their hearts and material resources to the needs of the people of Peru in their tragic hour of bereavement and suffering; and

Whereas the universities and institutions of higher learning of Peru and many other dedicated organizations and persons are playing an important part in meeting the reconstruction needs of that country through the full utilization of the technical skills which they have developed and through these services are demonstrating how the people of a nation can rise to noble heights in service to their country: Therefore, be it

Resolved, That the House of Representatives extend its deepest sympathy to the President and the people of Peru in this dark hour of suffering and distress.

SEC. 2. It is the sense of the House of Representatives that the universities and institutions of higher learning of Peru and their students and all others who contributed to this great cause in the name of humanity should be commended for their leadership in helping in the reconstruction of the devastated areas and in resettlement relief.

SEC. 3. It is further the sense of the House of Representatives that attention be directed in all appropriate Executive agencies to the needs of the country and the special role and requirements of the universities and other organizations of Peru in rebuilding their country.

SEC. 4. Copies of the present resolution shall be distributed through appropriate channels to the President of Peru and to the heads of the universities of Peru and to the heads of other participating organizations.

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

There was no objection.

The SPEAKER. The gentleman from Florida is recognized for 1 hour.

Mr. SIKES. Mr. Speaker, the House is, of course, very familiar with the problems of our sister Republic of Peru, caused by devastating earthquakes, and has great sympathy for the people of Peru in the death and destruction visited upon them. We wish to express our deep and sincere feeling, and our desire to be helpful in solving the great problems which confront them.

We realize also, Mr. Speaker, that America's First Lady expects to visit Peru very shortly to demonstrate the very close interest of the administration and the American people in the problems of Peru.

Therefore, Mr. Speaker, it has occurred to me and to others that the House will also want to be on record as expressing our interest in and our sympathy for the people of Peru and our commendation for all those who have labored so diligently to overcome the tragic circumstances accompanying the earthquakes. In particular do we call attention to the outstanding contributions by the university of Peru and their students. In that vein and for that reason, I have offered the resolution for myself, for our beloved Speaker Mr. MCCORMACK, Mr. ALBERT, Mr. GERALD R. FORD, Mr. BOGGS, and Mr. HANNA.

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

Mr. SIKES. I yield to my friend, the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Speaker, I thank the gentleman for yielding. I am very pleased to join the gentleman in this particular effort.

I would hope with the passage of this resolution it will come to the attention of the appropriate authorities that there is now resting in a warehouse in Los Angeles, Calif., a substantial quantity of

materials and goods that could be helpful to the Peruvians. The materials need transport. I would hope the executive department will be able through whatever facilities to put these materials where they will do the good which is intended by the Americans who have made the goods available.

It is my observation, and I am sure the gentleman from Florida joins me in this observation, that although our relationships in some particulars have had problems—vis-a-vis, for instance, the fishing problems and some of the attitudes of a new regime that came into existence in Peru—these things fade away when a real crisis comes in a family or comes in a family relationship between nations. We are, after all, in Peru and in the United States, both American nations, encompassed within the continents of South and North America. The family has come together on the basis of the great crisis that has befallen the people of Peru.

I think out of this will come a great enhancement of our relationship and a deeper understanding of the significance of our long-term interest in each other and the benefits that can be derived from an improvement in and maintenance of the really basic good feeling that has been a part of the history of our two countries.

Certainly I commend the gentleman from Florida for taking the initiative in this matter. I trust the House will give its speedy support to this resolution.

Mr. SIKES. Mr. Speaker, I take great pride and pleasure in restating the fact that our beloved and great Speaker is a cosponsor of this resolution.

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.

GENERAL LEAVE TO EXTEND

Mr. SIKES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the resolution just passed.

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

There was no objection.

CALL OF THE HOUSE

Mr. O'NEILL of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 187]

Adair	Brown, Calif.	Cramer
Alexander	Brown, Ohio	Daddario
Anderson, Tenn.	Bush	Daniels, N.J.
Andrews, Ala.	Caffery	Dawson
Ayres	Carey	de la Garza
Berry	Clancy	Dent
Bow	Clark	Edwards, Calif.
	Conyers	Erlenborn
Esch	Hébert	Riegle
Farbstein	Jarman	Rivers
Flowers	Keith	Robison
Foley	Kirwan	Ruppe
Frey	Long, Md.	Smith, Iowa
Fuqua	McMillan	Stratton
Gallagher	Meskill	Teague, Tex.
Gaydos	Mollohan	Tiernan
Giaimo	Montgomery	Waggonner
Gilbert	Ottinger	Watkins
Goldwater	Pepper	Watson
Hall	Pollock	Whitehurst
Hamilton	Powell	Wiggins
Hansen, Idaho	Price, Tex.	Wilson, Charles H.
Hastings	Railsback	
Hawkins	Reid, N.Y.	

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

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

MEDICAL FACILITIES CONSTRUCTION AND MODERNIZATION AMENDMENTS OF 1970—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER. The unfinished business is: Will the House, on reconsideration, pass the bill, H.R. 11102, an act to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such Act, and for other purposes, the objections of the President to the contrary notwithstanding?

The gentleman from West Virginia is recognized for 1 hour.

Mr. STAGGERS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the question before the House involves the exercise of one of the most important of our functions under the Constitution. Our Government is based on the principle of separation of the powers, with the President having one role and the Congress another.

Both Houses of the Congress have unanimously passed a bill which the President has now vetoed. Under the Constitution we now have the responsibility of considering the objections made by the President in disagreeing with us, and of deciding whether the national interest will be better served by passing this legislation over the veto.

I disagree with the reasoning contained in the President's veto message, and I think we should pass the bill notwithstanding the veto.

In conference with the Senate on this bill, the House conferees met with the Senate conferees four times and spent some 10 to 12 hours in conference trying to iron out a bill that would be satisfactory to both Houses. One part of that bill, the part the President disagrees to, is section 601, in which the President is directed to spend certain appropriations. The Senate had seven programs spelled out in this section of the bill. We agreed on the House side to take the two most important of these programs to the health of America, and we rejected the other five.

This is the best bargain we could get after hours of negotiation. We accepted the requirement relating to public health, mental health, and mental retardation programs, but we rejected the requirements on the clean air, and solid waste disposal acts, Public Laws 83–568 and 85–151, the Vocational Rehabilitation Act provisions, and title V of the Social Security Act—but we did keep the two programs I referred to earlier.

The President objects in his message to the fact that authorizations are larger than his budget requests. I think the House might find it interesting that the President's proposed Hill-Burton legislation (H.R. 10126) would have authorized for fiscal year 1971 and for fiscal year 1972, and I quote, "such sums as may be necessary." I wonder how it is possible to authorize more money than is authorized by that phrase.

The principal objection to this legislation contained in the President's message is directed at section 601 of the bill, which would prevent administratively imposed expenditure ceilings from applying to certain health programs. Mr. Speaker, there are some programs which are, or should be, of such high priority that they should not be subject to expenditure reductions such as we have seen in recent years. This section 601 was not in the House bill, but we found it necessary to agree to a modification of it in order to obtain agreement from the Senate in the conference.

I, for one, opposed this provision in conference—as did the other House conferees—but in order to get a bill, we had to agree on something.

This section says that the Congress finds that certain health programs are of such high priority that expenditure limitations should not be applied to them. The President disagrees, and in his veto message says in substance that the Congress should leave him free to reduce appropriations made for these programs.

What are these programs? They are the following:

Research and training activities of the National Institutes of Health. This, by the way, is where our cancer research program is being carried out, as well as research into the other killing and crippling diseases of mankind.

The Hill-Burton program.

The program of grants for construction and operation of medical schools and other health profession schools, together with loans and scholarships for students at those schools.

The program of increasing supplies of trained nursing manpower, as well as manpower in other fields.

The heart, cancer, and stroke program.

The program of grants for a portion of the costs of construction and staffing of community mental health centers.

The program of grants for a portion of the costs of construction and staffing of mental retardation facilities.

Mr. Speaker, the President has vetoed this bill because the Congress has attempted to tell him that we do not want him reducing appropriations for these programs which, in my opinion, are among the most important programs we have that come out of this Congress.

The SPEAKER. The time yielded by the gentleman from West Virginia has expired.

Mr. STAGGERS. Mr. Speaker, I yield myself 1 additional minute.

This section does not apply to authorizations, Members understand—not to

any authorization we make. This section applies to appropriations. After the Appropriations Committee has considered all the details of the President's budget, this section says the appropriations should be spent in the most important programs that affect this land in any way.

Mr. Speaker, we need to pass this bill now. I would say, since this bill has been vetoed, we have before us now a railroad bill, and numerous other measures. We laid aside all health bills and all other things affecting the Nation for this bill on railroads, so important that the Administration asked us to take it up immediately. We have decided to do that, at their request. We have many other urgent measures before us.

I do not know when we could get back to this bill. In talking to a ranking member on the other side, I was told they are so busy that he does not know when they can get their health committee together again on this. In other words, if we do not pass this bill, today we may not have a bill this session of the Congress, I know we would try, but let me point out to this body, that we have a large workload ahead of us.

These are some of the things Members have to face when they vote today. I believe the Hill-Burton Act is one of the most important acts we have on our books, one that has been received very well all over the land, and for that reason, the President's veto should be overridden.

The SPEAKER. The time yielded by the gentleman from West Virginia has again expired.

Mr. STAGGERS. Mr. Speaker, I yield 7 minutes to the ranking minority Member on our committee, the gentleman from Illinois (Mr. SPRINGER).

Mr. SPRINGER. Mr. Speaker, I would yield to no man in this body in support of the Hill-Burton program.

I am one of the authors of the last three Hill-Burton extensions. I served for years as the ranking Republican on the Subcommittee on Health and Safety. Through the years we have added to and improved on the original Hill-Burton Act—to provide beds that were needed to take care of Americans who have become ill.

The legislation which we are considering today insofar as the Hill-Burton Act is concerned, is an improvement over any other extension of the Hill-Burton Act. Not only have we improved the bill to serve better more Americans, but we have increased substantially the authorization for funds available.

When we presented the legislation to the House, it was overwhelmingly accepted. When it was passed in the Senate, the same result was achieved.

I wish to point out at this time that section 601 of the bill you are considering today was not in the House version when it passed the House. That was added in conference over the strenuous objections of many of us on the House side. I considered it objectionable then and I mentioned that in my report to you when the conference report was considered in the House.

Sometime ago the House passed and sent over to the Senate a statutory limitation on the amount of money which could be spent by the President. We set a figure in that legislation and ordered the President to comply. That legislation has been voted out of the Senate committee handling it and is presently pending in the Senate:

> Expenditures and net lending—budget outlays—of the Federal Government during the fiscal year ending June 30, 1971, shall not exceed $200 billion, 771 million.

I have quoted exactly from title V of the Supplemental Appropriations Act passed May 7, 1970, in the House. The record rollcall vote on this was 333 in favor and 6 nays.

This indicates that the overwhelming majority of the Members of this body favored that legislation. Any of you who wish to check your voting record on limiting Federal expenditures for the year ending June 30, 1971, to the above figure, will find it in the CONGRESSIONAL RECORD of May 7, 1970, at page 14580.

Now, let us come to the conference report which was ordered printed June 9, 1970, and came to the floor of the House on June 10, 1970, as the conference report on H.R. 11102. If you will take the report at page 17, title VI—Availability of Appropriation, we have the following section 601:

> Notwithstanding any other provision of law, unless enacted after the enactment of this Act expressly in limitation of the provisions of this section, funds appropriated for any fiscal year ending prior to July 1, 1973, to carry out any program for which appropriations are authorized by the Public Health Service Act (Public Law 410, Seventy-eighth Congress, as amended) or the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (Public Law 88–164, as amended) shall remain available for obligation and expenditure until the end of such fiscal year.

The President vetoed the legislation pending before you today. The order of the business is whether or not the House shall override the President's veto.

What is the reason the President has vetoed this bill?

The far and overriding reason rests with section 601 of this legislation. On one hand, we have given him, as of May 7, 1970, an order to stay within the stipulated figure which shall not exceed $200 billion, $771 million for fiscal year 1971. The President has said that section 601 will—

> (1) Significantly restrict Presidential options in managing Federal expenditures,
>
> (2) Isolate the financing of one group of Federal programs as untouchable without assessing its merits against the financial needs for other programs, and
>
> (3) Encourage pressures to extend this provision to other areas—and thereby further complicating management of the Federal budget.

The President also has said that one of the most unacceptable provisions of the bill is in section 601. In this section, the Congress insists that funds appropriated for any fiscal year through 1973 in this legislation must be spent in full. In addition to restricting flexibility in management of Federal expenditures, this provision would interfere with his ability to comply with the limitation on total 1971 spending that has already passed the House of Representatives:

> This kind of provision puts the Congress in the position of withdrawing with one hand the authority necessary to do what it requires with the other. I ask the Congress to eliminate Section 601.

I am sure that I have simplified this so that anyone in this body can understand that section 601 is directly contrary to the legislation on the limitation of spending for fiscal year 1971 which we passed on May 7, 1970.

I am sure that any reasonable person understands that we cannot as a legislative body limit the President's spending and then take away from him the right to make adjustments and reductions which have been ordered.

We simply cannot have it both ways.

For this reason, I hope that you will vote today to sustain the President's veto.

Probably some of you have been receiving letters as if the Hill-Burton program would vanish. Nothing is further from the truth.

I have introduced yesterday the Hill-Burton Act exactly as it was passed here in the conference report on June 10, 1970, except that I have deleted section 601. I am sure that this House wants an adequate Hill-Burton Act which we can all support and to give the President the power he needs to stay within the limitations which we have put on him by virtue of our legislation of May 7, 1970.

I would see no reason for further hearings. We could bring the bill to the floor immediately. The Committee on Interstate and Foreign Commerce has heard this matter in detail. It has been debated twice on the floor of the House—in its original passage and in the approval of the conference report.

If the leadership so wished, this matter could be brought to the floor and disposed of within an hour beginning the week of June 29. There is no disagreement that any of us has beyond the elimination of section 601.

Your vote today is not on Hill-Burton. It is on the issue of whether or not you wish to eliminate section 601 from this legislation. By eliminating section 601 and repassing this bill, we will then have eliminated the inconsistencies which we have put on the President by reason of our limitation on fiscal year 1971 spending as of May 7, 1970, and our conference report as of June 10, 1970. Surely, there can be nothing unreasonable in correcting these two conflicting orders to the President of the United States.

I know that some will raise the matter of other points in the veto message. The President raised at least one of those while our committee was considering the legislation in the committee. The other objections are not of such a nature as to necessitate a veto. Section 601 standing with the limitation provision is conflicting.

I think I can assure the House that if we pass the legislation without section 601 in it, you would have every reason to know that the bill would be signed.

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

Mr. SPRINGER. I am glad to yield to

the distinguished chairman of the Committee on Appropriations.

Mr. MAHON. I want to say to the gentleman that he is discussing a feature of the bill which deeply concerns me. This section 601 ought not to be in this bill and it ought not to be in any other bill. It violates the position which was taken by President Kennedy, by President Johnson, and now by President Nixon. So, without discussing the merits of the veto, I want to say that the gentleman is hitting the nail on the head with respect to section 601. In expressing my strong opposition to section 601, I am, of course, making reference to only one feature of the extensive measure. Other factors must, of course, be taken into account in determining the course of action which should be followed.

Mr. SPRINGER. I thank the distinguished chairman of the Committee on Appropriations for his comments.

Mr. Speaker, I just want to say that I think we can remedy this situation in a very short time by bringing the bill which I have introduced back in here without section 601 and passing it and sending it down to the White House.

Mr. STAGGERS. Mr. Speaker, I yield 5 minutes to the distinguished majority leader, the gentleman from Oklahoma (Mr. ALBERT).

Mr. ALBERT. Mr. Speaker, I rise to urge the House to override the President's veto of H.R. 11102.

There is no argument about the fact that the Hill-Burton program has from its very inception a quarter of a century ago enjoyed widespread support by the medical profession and by the public. Here in the Congress there has been no program that has been less partisan. The vetoed measure was a truly bipartisan congressional product with practically no guidance or assistance from the administration.

Mr. Speaker, our Committee on Interstate and Foreign Commerce, under the able leadership of the gentleman from West Virginia, evolved H.R. 11102 as a measure acceptable to all groups.

I would remind the House that the President in his 1971 budget recommended zero—that is correct, exactly zero—dollars for hospital construction. H.R. 11102 was hailed by all as a far-reaching comprehensive health measure. It passed the House on June 4, 1969, on a rollcall vote of 351 to 0. In the other body the bill received the same type of widespread support, having been approved on April 7, 1970, by a rollcall vote of 79 to 0. The conference report was approved by the Senate without controversy by a voice vote on June 8 of this year, while the House gave its final approval 2 days later by a rollcall vote of 377 to 0.

Mr. Speaker, I can appreciate the concern of the distinguished gentleman, my friend from Illinois (Mr. SPRINGER) about the action we took in May, but on June 10 we voted 377 to 0, and the distinguished gentleman from Illinois was recorded in favor of the vote and so was our distinguished minority leader. We have taken this action subsequent to the action which we took in May.

Mr. Speaker, I think the Senate amendment as worked out in the conference report has strengthened the bill and certainly it has strengthened the hand of the Congress and the position of the Congress in determining what the future course of action of the Hill-Burton program will be, and how it will be administered in this country.

The provisions of this bill must still go to the Committee on Appropriations and the Committee on Appropriations can, of course, make such adjustments in the various categories as it deems correct and sufficient.

Mr. Speaker, this Congress has striven mightily to reorder this Nation's priorities. If this Nation is to achieve its full potential, if it is successfully to discharge its many self-evident responsibilities in the coming decade, it is incumbent upon us to attain the reordering without further delay. Our efforts to provide more resources for the public sector however have consistently been fought, resisted, and frustrated by the administration. Last year the Congress acted to increase the appropriation for waste treatment plants from $214 million to $800 million. To date the President has permitted only a small portion of these funds to be disbursed. This year he failed to recommend the appropriation of a single dime for this program.

Yesterday, the House, I am happy to say, rejected the administration position opposing any money for fiscal year 1971, and provided a billion dollars for waste treatment plants. Again, in the case of the water and sewer line program which is complementary to the treatment plant program, the President requested this year a paltry $150 million. Here too, the House recognizing the overwhelming need acted to up this appropriation to $500 million. This was accomplished only, however, over vigorous administration opposition. As to education, in the 1970 Labor-HEW appropriation bill, the Congress endeavored to meet this country's educational crisis by providing a billion dollars above the President's request. This exceedingly modest attempt to divert a few more dollars for the education of our children met with a Presidential veto. The President has in a similar vein chosen to reject the hospital needs of the sick.

That these needs are not debatable is established beyond any shadow of a doubt. Information furnished by State agencies administering the program indicates a present need for an additional 85,007 acute care hospital beds, 893 public health centers, 164,430 additional long-term beds, 872 diagnostic and treatment centers, and 388 rehabilitation facilities, with a total estimated cost of $5.3 billion. In addition 455,130 acute and long-term care beds require modernization at an estimated cost of $10.5 billion.

Mr. Speaker, the President has termed the vetoed bill a "long step down the road to fiscal irresponsibility." It would appear that, as was the case in the President's criticism of the Congress for having failed to act on a nonexisting housing communication, the President has been the victim of faulty staff work. I have done a little research comparing the appropriation for fiscal year 1963 for the Hill-Burton program with what the situation would be if full funding were to be obtained under H.R. 11102. The 1963 total appropriations for the overall Hill-Burton program were $220 million. The vetoed bill before us provides for $382.5 million for 1971. However, stated in terms of 1963 dollars this figure is reduced to $222 million a sum almost identical with that we provided 8 years ago. For hospital construction, we appropriated in 1963, $150 million. The bill before us today authorizes for 1971, $147.5 million but stated in 1963 dollars, this sum shrinks to $85.5 million. For nursing homes, in 1963 we provided $42 million. In terms of 1963 dollars, H.R. 11102 would provide $49 million in 1971. For rehabilitation facilities, 1963 saw $10 million appropriated while the vetoed bill, in terms of 1963 dollars, would permit but $8.7 million in 1971. I think it is rather obvious from these figures, that far from indulging in anything approaching fiscal irresponsibility the Congress may very well have been too timid in its approach in H.R. 11102.

Certainly, in authorizing funds, which, if appropriated, would do nothing more than keep the Hill-Burton hospital construction program at the level of 8 years ago, means that we certainly have not been imprudent. It is likewise clear that the President's efforts to label this measure as fiscally irresponsible are in themselves the height of rhetorical irresponsibility.

The President's rejection of the needs of the sick who need hospitalization stands in sharp contrast to his statement last July that the Nation faced a health crisis and that the problem was one of not enough doctors and hospital beds. The President's ill-advised veto, if permitted to stand, would make certain a continuation of that shortage of hospital beds and thus compound the health crisis facing the Nation.

Mr. Speaker, for compelling personal reasons a number of our colleagues are unable to be here today to vote on this important matter. I talked earlier today with the distinguished gentleman from New York (Mr. CAREY) who is one of those who is prevented from being here. Despite his wife's serious illness, Congressman CAREY intended to fly to Washington today to vote on this matter. Unfortunately, due to an air traffic delay he was unable to secure a flight which would get him here in time for the vote.

Mr. Speaker, since the gentleman is unable to be here for the reasons I have just mentioned, I would like to read to the Members a portion of the statement made to me when I talked with him earlier today:

> As one who is intimately familiar with hospital conditions in the New York City area, the problem of obtaining adequate health care and admission to a hospital when required, I can only assume that the President is either lacking in knowledge of such conditions not only in our City but throughout the country or he regards the pocketbook as more important than human welfare.
>
> I am hopeful, therefore, that our colleagues will vote to override this untimely and unjustifiable Presidential veto, as I would do were I able to be present.

Mr. Speaker, when the Presidential veto is voted on in the House in a few minutes, it is my hope that it will be overwhelmingly overridden.

The SPEAKER. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Illinois (Mr. ARENDS).

Mr. ARENDS. Mr. Speaker, I have listened with more than ordinary care to the remarks just made by my distinguished colleague from Illinois (Mr. SPRINGER). I know of no one in this House who has a better understanding of what is involved in this legislation than does the gentleman from Illinois (Mr. SPRINGER) as the ranking minority member of the Committee on Interstate and Foreign Commerce. He has time and again demonstrated, as he has here today, his detailed knowledge of all the proposals brought before his committee.

I hope the House will give more than ordinary attention to what the gentleman said and sincerely hope it will act accordingly on what he has proposed.

The gentleman from Illinois (Mr. SPRINGER) has pointed out what seems to me to be the basic issue before us. He called attention to the action which we took here in this House on May 7. By an almost unanimous vote we set a ceiling on Government spending for the fiscal year 1971. We said: "Mr. President you can spend only so much money in fiscal year 1971." Now, in this bill we are saying "you must spend so much money." On the one hand we place a restriction, and well we should, on how much can be spent by the President and, on the other hand, we are mandating under the terms of this legislation that he spend every single cent appropriated.

We simply cannot have it both ways. In any case, the question I would like to have answered is how the hospitals in this country can get one dime more or one dime less than the Committee on Appropriations in the House, with the concurrence of the House, say that they can have in any given fiscal year. If someone will answer that question for me it will contribute to a better understanding of what is involved. How can any hospital in this country seeking modernization, or any proposed new hospital to be constructed under the Hill-Burton Act program, get one dime more or one dime less than the Congress appropriates? Regardless of the terms of this bill, I for one am not going to be in the inconsistent position of saying to the President "you must spend—you must spend—so many dollars" in complete disregard to the fact that earlier in the year we voted—and it was a record vote—to place a ceiling on what he could spend.

I recall that during the Kennedy administration our Committee on Armed Services was disturbed that the President had not undertaken a certain bomber program for which we had authorized and the Congress had appropriated funds to have undertaken. We sought to write into an authorization bill language which not only authorized but directed the President to spend money for a specific bomber program. President Kennedy objected to our mandatory language. The end result was we made the language permissive. Instead of saying he "shall" spend so much for such and such, we left it to his discretion, although it was abundantly clear to him what our committee felt should be done.

President Kennedy viewed our approach as representing an intrusion upon his prerogatives as President. He pointed out that to follow this course of directing the President to spend whatever Congress authorized and appropriated would establish a precedent that could have serious consequences. He was not confronted in those days with an overall expenditure ceiling such as confronts President Nixon.

What is involved here is not question as to the merits of the program. The question at issue is fiscal responsibility. It is on this basis and this basis alone that the President vetoed the bill and I believe we should sustain that veto. Control of Government expenditures is the first essential for bringing inflation under control.

Mrs. REID of Illinois. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentlewoman from Illinois.

Mrs. REID of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. REID of Illinois. Mr. Speaker, I rise in opposition to the motion to override President Nixon's veto of H.R. 11102, the Medical Facilities Construction and Modernization Amendments of 1970. As my colleagues know, I have always supported the Hill-Burton program and believe that it is one of the most successful Federal-State programs in existence. I know the goal of increasing hospital beds is even more critical today than it was when the program was instituted.

However, the vote today is not a vote for or against health care. In fiscal year 1971 there will be at least a 28-percent increase in health outlays. There will be increases in outlays for cancer and heart research, family planning, alcoholism, and drug abuse, and a revision of medicare and programs providing medical aid to the poor. As a member of the Subcommittee on Labor-HEW appropriations, I support these programs.

The President's objection to H.R. 11102 is not to the high priority Congress has given Hill-Burton funds, but, rather to that section of the bill—section 601—which requires that all funds appropriated be spent. The President considers this to be an unacceptable and illegal restriction upon the prerogatives of the executive branch in the management of its overall programs. This section was not in the original bill passed by the House and it would set an unreasonable precedent for other legislation.

Furthermore, the Congress has set a limitation on overall spending by the executive department for fiscal year 1971; yet, this bill requires that every cent be spent. This kind of provision puts the Congress in the position of withdrawing with one hand the authority necessary to do what it requires with the other. Therefore, in my opinion, the veto should be sustained.

On the other hand, I would hope that action will be taken immediately on the bill—H.R. 18200—introduced by our colleague, the gentleman from Illinois (Mr. SPRINGER), who is the ranking minority member of the House Committee on Interstate and Foreign Commerce. His bill is identical to H.R. 11102—the vetoed bill—except that it deletes section 601. The new bill provides for a 3-year $2.79 billion authorization for construction and modernization of health facilities. I am confident it will give the program the needed impetus to meet its objectives without placing undue restrictions on the President—and I shall give it my unqualified support.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Moss), a member of the committee.

Mr. MOSS. Mr. Speaker, I am going to answer the question that the gentleman asked in the well a moment ago.

We are not asking to have it two ways. We are exercising a legitimate and constitutionally granted prerogative of the Congress in saying to the President that in this instance in two programs, mental retardation and the Public Health Service Act, you shall spend the money that the Committee on Appropriations provides for those programs.

What is wrong with that? Are we to the point where we have abdicated any rights to mandate action of this Government?

Must we always knuckle under to the President, to the executive?

I have been charged many times by representatives of the party on that side of the aisle with being a rubberstamp. Well, I was not. I advise my friends in the minority: Do not open the door for us to give you that label, because that is precisely what you do if you reverse yourselves today and sustain the veto. When you adopted the conference report without a single dissenting vote, and upon the recommendation firmly made by the distinguished ranking member of the Committee on Interstate and Foreign Commerce which reported this bill, and the Member who recommended also to this House that we adopt the conference report notwithstanding the provisions of section 601, you committed yourselves to the same bill now before us for override—Mr. SPRINGER's advice was good advice then. It is good advice now.

Let us move on with the business of meeting some, and only some, of the urgent health needs of this Nation.

The SPEAKER. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky (Mr. CARTER), a member of the committee.

Mr. CARTER. Mr. Speaker, as it happens, I am a member of the subcommittee which helped to formulate the House version of the bill that is now being considered.

The subcommittee worked very carefully to develop a good bill. I strongly support the House version.

When this bill went to the other body, it was so modified that it is not acceptable to the administration in that it limits the prerogatives of the President.

As most of the Members of the House know, I have always supported health legislation. I have even been accused of being generous in such authorizations, and to this I offer no denial.

I am interested in and support in all phases of the health programs and projects throughout our country. However, I do feel that the addition of section 601 by the Senate should be deleted. The presidential prerogative in this critical time should not be abridged.

With the distinguished gentleman from Minnesota (Mr. NELSEN) and many others, I am cosponsoring the exact resolution which passed this House without section 601, and I feel that our committee is not too busy to consider it and report it immediately.

Therefore, I will vote to sustain the President's veto and urge other Members to do likewise.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. HAYS).

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

Mr. HAYS. I yield to the gentleman.

Mr. FRIEDEL. Mr. Speaker, I concur in the remarks of the majority leader and the chairman of the Committee on Interstate and Foreign Commerce and hope that we override the veto. The extension of the outstanding Hill-Burton program and the expansion of this program that was passed by both bodies of the Congress without a dissenting vote cast in either body is a measure that certainly no President exercising any reasonable sense of priority could have possibly sought to veto or set aside.

As I said the day after Mr. Nixon took his regrettable action, I simply cannot understand just how the White House's sense of priority and importance works these days. The same week that the administration saw fit to veto a measure that was passed by the Congress unanimously, it sent to the committee that I have the honor to serve on, the Interstate and Foreign Commerce Committee, a measure that could make $750 million worth of taxpayer money available to the railroads. It is sadly ironic that the same committee that reported the Hill-Burton legislation to the House in 1969 would be the one this week to be asked by the administration to pass on this measure.

When the Interstate and Foreign Commerce Committee, under the wise leadership of my dear friend and colleague, Chairman STAGGERS, reported on the Hill-Burton program, it advised of the tremendous backlog of applications for Federal assistance to modernize, expand, and improve existing hospital facilities that had deteriorated over the years, and construct new ones. We have a $6-billion backlog in requirements for hospital beds and modernization, not to mention the enormous requirements for other medical health care related facilities. The bill that Mr. Nixon saw fit to veto would have met about half of this need. We have now been told that this was fiscally irresponsible. Now really, Mr. Nixon, who is kidding who?

The Nation heard a year ago that the inflation which is daily robbing the savings, futures, and incomes of millions of Americans was about to be controlled. We heard from the Nixon administration about how price increases were slackening and how policies were working, but today, of course, the prices continue to go up faster than ever, business is off, and unemployment in my fair city of Baltimore has reached a new high. Interest rates are higher than ever and we have just witnessed one of the biggest stock market slides in our history and the largest commercial bankruptcy in our history. The administration's anti-inflation policies are not working.

Over the last 2 days I have also called the Members of this House's attention to a larger aspect of the health care crisis that the Nation is facing. Not only in the area of new or improved facilities, but also in the absolutely essential ingredient of adequate medical health care, the production and training of the required and essential professionals. Here again the administration's sense of priority seems to be absolutely haywire.

The administration purportedly recognizes the health care crisis but has asked for only one-tenth the amount actually needed for hospital construction in the coming fiscal year and at the same time requested the Congress to commit four times that amount of money to bail the railroads or their banks out of trouble. Where, oh where, are our priorities? Is it inflationary to care for the sick but not inflationary to rescue sick railroads?

The President, in his veto message, told us that the hospitals ought to go out and borrow money to build their own facilities but as I said in my remarks on the crisis in health care Tuesday, they simply cannot do so. They have reached the bottom of the barrel. Interest rates have never been higher than they are now and as far as I know the money has never been so scarce. If the Penn Central Railroad, which purportedly has $7 billion in assets, cannot borrow from existing money sources, where do our nonprofit university-related hospitals have a chance to find mortgage money?

As I have said support to relieve our crisis in health care simply must be borne by the Federal Government. The small but significant progress that we have made over the last 10 or 15 years was due primarily to the awareness within the Congress and past administrations that what was needed in the area of health care was a massive Federal commitment backed up by adequate appropriations.

I profoundly hope and pray that all Members of this body, without regard to party, will think quite seriously about this matter and contemplate the future of our society without the proper allocation of resources for medical care. I am sure that if they do so, they will agree that the President's unfortunate veto must be overridden today.

Mr. HAYS. Mr. Speaker, I was interested in one of the reasons the President gave for asking that his veto be sustained. He said that if it were not, he could not manage the budget.

Do you realize that the President sent up here a reorganization plan to add at least 60 and probably more people in a super-duper budgetary agency whose salaries will probably cost in the end as much as the money we are talking about here? What is this Bureau of the Budget? Who elects them? Nobody. To whom are they responsible? Nobody.

Are we going to abdicate our responsibility to the people of our districts who need hospitalization? I say to you that when this House passed this bill unanimously, those of you who are planning to change your votes should have taken a walk through any hospital in your district and seen the hundreds of people who are lying in the hallways of those hospitals unable to get a bed in a room, and then figure how many people cannot even get into the hallways.

As I said the other day, it seems to me that the administration's priorities are showing and if we cannot find in a $200 billion budget some place to cut out a little to take care of the Hill-Burton money, then I would say the President has put the wrong 60 super grades into this super grade budget outfit that he got through this House just a few weeks ago.

Mr. STAGGERS. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. NELSEN).

The SPEAKER. The gentleman from Minnesota is recognized for 5 minutes.

Mr. NELSEN. Mr. Speaker, the blame rests with the conference committee on the House side that did not stay with the position that everybody admits they should have. This includes the chairman of the committee who just said in his own statement that he did not agree with the Senate. GEORGE MAHON pointed out that he supported the separation of powers and we should not delve and dab into the power of the President and his assigned responsibility.

The other day, after the veto message came to the Congress, I started to join with others in offering a bill that would do exactly what we did by conference committee with the exception of the mandatory spending feature, which should never have been in the bill in the first place, and the conferees are to blame because we yielded. I was one of the last to give in on that point. Every other section but 601 is identical to the conferee bill. Every dollar figure is also the same.

I want to point out that the President has emphasized the guaranteed loan approach on hospital construction. This idea came to me from the manager of the hospital at Mankato a number of years ago. Senator Lister Hill was one of those who advocated the same theory, and in the bill considered 2 years ago I had an amendment and tried to get it into the conference report and almost made it at that time. We needed more studies, then but the language is finally in this bill.

You can raise money faster and quicker by way of guaranteed loans than you can by Hill-Burton, waiting your turn, waiting your turn, waiting your turn, and the President was of the opinion that this method would be better and less of a drain on the taxpayer, and that might well be true. But in this conference committee report the chairman, HARLEY STAGGERS, JOHN JARMAN, WILLIAM SPRINGER, and myself were in agreement that the provision that is now so objectionable should not be in the bill.

I remember a statement to the effect that, "Well, they do not have to pay any attention to it anyway. It has been done before."

So we finally caved in and finally permitted this language to go into the bill, which everyone here agrees should not be in it. As far as that committee is concerned, I have worked in the committee in some of the areas of mental retardation and mental health.

This has been a field in which I have worked for many years, going back to my service in the State legislature. I do believe we in the Congress need to recognize the issue before us, and that issue is: Do we tell the President: "You must do this?" And if we endorse that kind of policy, we then will be faced with similar action in looking on into the future.

There has been a statement made that we would not have time to consider this bill. This is a ridiculous thing to say, because we have considered this bill. We would not need 5 minutes to handle it in the committee, I am sure the Rules Committee would give us a rule immediately, and I am sure we would pass the bill with exactly the same provisions as we passed before, but deleting the objectionable language.

I attended a little reception last night for a fine Christian gentleman, the chairman of our committee. I remember what he said:

> In our Interstate and Foreign Commerce Committee we do not work as Republicans or as Democrats, we work together.

Mr. Speaker, I think if this decision had been made in our committee as to what we do about this, I think we would have sent another bill out, and we would pass it on the floor. But this is a political year, and there is a little mileage involved here, and I regret it, because it has always been my policy as a member of the District Committee and as a member of the Interstate and Foreign Commerce Committee, wherever we would vote, to vote and legislate in an objective and favorable way in the public interest—and this should be our objective. In my judgment we are deserting a little from that. It is my feeling we should pass the identical bill we passed before with the exception of this objectionable language.

May I say the Members will recall, when we were considering this bill on the floor, that amendments came to our attention from downtown, and we ignored them because we thought our bill was a good one. I recommend that we accept the President's decision and adopt the bill without the provisions to which he objects. That could be done in no time.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Speaker, it is indeed unfortunate that debate on this important Presidential veto on H.R. 11102, extending the Hill-Burton hospital construction program is limited to 1 hour. Possibly over 300 Members on both sides of the House would like to publicly express their minds on this unfortunate veto, but are barred by House rules.

According to surveys made, practically every urban center in the United States over 5,000 population is destitute of sufficient hospital beds to accommodate the victims of illness, accidents, and other afflictions, and so forth. This demand is not confined to the elderly, but to all segments of our people. Thousands of unfortunate citizens of our country are suffering in their homes or nursing centers often conducted by fake health "experts" who reap large sums from folks who cannot afford to pay $50 to $100 per day for hospital services, and cannot rent hospital space at those inflated profiteering prices. The Hill-Burton program has been one of the great steps taken by the Congress to contribute partially toward relieving the hospital crisis that affects our Nation. The American people are unanimously in favor of expansion of the Hill-Burton program and the expenditure of whatever money it takes to aid the sick of our people.

Hospital and medical expenditures by this Congress meet the same almost unanimous endorsement of everybody and is on a par with education insofar as public ratification and endorsement are concerned. The veto legislation which we are considering this afternoon will no doubt meet with the same widespread disapproval as the education veto of January 26, 1970.

My primary purpose in taking this time is to call the attention of the newer Members of the House and to remind the older ones that this is almost a replay of a 2-day debate which took place on the floor of the House back in the Eisenhower-Nixon administration on July 23, 1957. I am incorporating with my remarks some excerpts from the House debate which occurred on that date when we were considering approximately $2 billion for Federal school construction. In 1957, we had the same battle over hospital construction as school construction and about the same arguments were used to defeat that much-needed school construction bill in July 1957 as will be used to defeat this hospital construction expansion legislation today. The only difference is that money much needed for hospital construction affects the health and physical needs of our population, while the education expansion affects only the education of millions of American youth.

I have in my hand the President's veto message read to the Congress yesterday. I shall read verbatim the last paragraph setting out his opposition to this increase for hospital construction Congress enacted unanimously. Mr. Nixon said:

> In these times there is no room in this massive program—or in any other program—for the kind of needless and misdirected spending represented in H.R. 11102. I again call upon the Congress to join me in holding down government spending to avoid a large budget deficit in Fiscal Year 1971.

Those words are almost synonymous with the President's television veto of the education bill on the evening of January 26, 1970.

If you remember the President reemphasized to the American people that the approximately $1 billion increase Congress added to his budget for education expansion would create a great threat to the inflationary spiral. Also while the President reemphasized the $1 billion increase for education, he did not remind the American people that the Congress reduced his budget of almost $80 billion on armaments request by approximately $5 billion and the Congress also reduced his budget request on foreign aid by approximately $2 billion. This total of almost $7 billion reduction on the part of the Congress certainly offset any inflationary damage that an increase of approximately $1 billion would have on education expansion.

In his veto message Tuesday he says:

> This bill authorizes direct grants which are more than $350 million in excess of the budget which I presented to the Congress for Fiscal Year 1971.

When the President neglected to tell this to the American people in his television veto of the education bill it might have been an oversight. In my opinion, if it were an oversight on the education veto on January 26 he should have given the Congress credit for the $7 billion reduction on armaments and foreign aid in his veto message which we are now considering.

Mr. Speaker, I am hereby incorporating with my remarks excerpts from the CONGRESSIONAL RECORD of July 30, 1957, when the same arguments that were used against the much-needed school construction are being presented today in favor of the President's veto against the much-needed hospital construction.

Mr. Speaker, during our debate on Federal aid for school construction on July 23, 1957—17 years ago—we had powerful opposition from banks and bond lobbies. That $2 billion aid for school construction was defeated by this House by only five votes.

Indiana taxpayers in the industrial Calumet region are still paying exorbitant interest on school bonds extending over 20 and 30 years. In our area we continue to exist in a critical hospital and school construction crisis.

This same powerful lobby no doubt is opposed to Federal aid to expand our hospital shortage along with our school and educational problems.

I incorporate with my remarks a statement of Congressman MCCULLOCH on the school bond situation in Ohio, as it existed in his State 17 years ago:

> Mr. MCCULLOCH. I am very happy to give the gentleman some of the latest completely dependable figures on the State of Ohio, which covers a number of years. From January 1, 1946, to January 1, 1956, the people of the State of Ohio voted $910,293,396 worth of bonds for the building of classrooms in that State. From July 1, 1956, to July 1, 1957, the voters of the State of Ohio voted $122,568,055 worth of bonds for classroom construction. In my home district, which is made up of 7 rural counties, in that last 12-month period ending July 1, 1957, we voted upon ourselves $7,664,000 worth of bonds to build classrooms.

Mr. Speaker, the American people are alarmed about unrest growing throughout the Nation. The majority of this discontent generates from the neglect of our domestic need. Lack of hospital facilities and educational expansion are in the forefront of the causes of unrest, discontent, riots, and so forth.

The House of Representatives has an opportunity today to overcome some of the mental attitudes of the public by

rejecting this veto of much-needed hospital construction.

Mr. STAGGERS. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker and Members of the House, we have just heard the gentleman from Indiana, my colleague on the Rules Committee, Mr. MADDEN, warn us that there are going to be serious political repercussions in November if we do the thing I believe most of us realize in our hearts we ought to today, and that is to sustain the President of the United States on this veto.

If I thought for 1 minute I were standing up before this House and recommending the final interment of the Hill-Burton hospital construction program I would confront that task with some fear and trepidation, but I do not believe there is a single Member in this body who believes that either the Senate of the United States or the House of Representatives is going to let that program which has been on the statute books of the United States since 1936 expire.

I was among those who joined the ranking member of the Committee on Interstate and Foreign Commerce yesterday in introducing a bill that is identical in every respect to the bill that came out of the conference committee with the single exception that we delete the one objectionable provision of this bill, section 601.

I would commend the very distinguished chairman of the House Committee on Appropriations, the gentleman from Texas (Mr. MAHON), who realizes that this is not a partisan matter at all, that whether it be President Johnson or President Kennedy or any other President, he would object to having his hands tied in the kind of fashion that we would propose to do by this particular section.

I would repeat: The issue is not Hill-Burton; the issue is whether we want to lose credibility as Congressmen in the eyes of the country by passing legislation with this kind of a provision.

I would submit that when we have earlier spoken, as we have done, and said that we are imposing a spending ceiling on the administration, and then we turn around in the very same session of Congress, a few weeks later, and say, "We direct you now, Mr. President, to violate the very ceiling we sought to impose," we look less than sincere in the eyes of the American people.

Yes, there may be, Mr. MADDEN, some repercussions in November, but I believe the American people are going to register their support and their approval of an administration that regardless of political consequences has the courage—has the courage, I repeat—to be constant in the battle against inflation.

Let me point out another matter which was raised earlier this week by the gentleman from Illinois (Mr. MICHEL), a member of the Appropriations Committee. The administration is not abandoning Hill-Burton. Indeed, if Members will look at the veto message they will find this statement by the President:

> There are many excellent provisions in this bill and I shall be happy to approve a financially responsible bill without delay.

What the administration seeks to do is to redirect this program in such a manner that we can build more hospitals, that we can provide more hospital beds and better hospital care for the people of this country in those areas where they are most needed, with loan guarantees and with interest subsidies that would generate an even greater volume of funds to carry out the construction of more hospitals than we are presently able to do under the current program.

There is not any question at all in my mind this afternoon that we are doing the financially responsible thing. This is not a question of partisanship. It is simply a question of being consistent in our approach to the whole fiscal problem which confronts the Nation.

In answer to my friend from California, Mr. Moss, when he says that we ought to have the right to set priorities, I yield to no Member of this body—to no Member—in my desire to uphold the prerogatives of the Congress in doing that very thing. Yet let me point out that when we come later to bills on the environment, when we come to bills on education, when we come to the bills in literally a half dozen different fields I could mention, we could make the very same argument that in respect to all those bills we ought to put on a section like section 601 to tie the President's hands.

I believe we ought to vote to sustain the President's veto in this case.

Mr. STAGGERS. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. JACOBS).

Mr. JACOBS. Mr. Speaker, I have looked up some definitions in my dictionary of the "constant battle against inflation," and I find the following definitions:

Under the heading of "fiscal responsibility" I find "firing a cost accountant, A. Ernest Fitzgerald, from the Pentagon because he revealed to the American taxpayers that they were being overcharged $3.5 billion on one airplane contract."

Under "Fiscal irresponsibility" I see this definition:

> Appropriating just one-third the amount of that overcharge to help build hospitals all over the United States.

Mr. Speaker, ever since I was a little boy, whenever I have thought of the President of the United States, I have thought of one who would drive the money changers from the temple and help heal the sick.

What ever has happened to us?

Mr. STAGGERS. Mr. Speaker, I yield 5 minutes to the minority leader, the distinguished gentleman from Michigan (Mr. GERALD R. FORD).

Mr. GERALD R. FORD. Mr. Speaker, the vote to be taken very shortly is not a question of support for or opposition to the Hill-Burton program. Members on both sides of the aisle over a long, long period of time have voted for the authorizations and voted for the appropriations. A vote to sustain the veto today is really a reaffirmation of the bill that was passed by the House, and it is a denial of the bill passed by the other body. The issue is really only section 601. As a matter of fact, the issue here today is not the Congress vis-a-vis the President; it is the House and the President against the other body. If we are to uphold our House position, we should vote to sustain the President here today.

The distinguished majority leader made the observation a few moments ago that the President had not requested funds for Hill-Burton for fiscal year 1971. The facts are that the President submitted a program and proposed legislation that had far broader application and would have provided far broader help and assistance financially.

In the bill, as I understand it, submitted on behalf of the President's program by the distinguished gentleman from Illinois and many others, the President recommended "whatever sums are necessary to carry out the President's loan guarantee program and the other parts of that particular bill." So, the President has and does support a hospital construction program.

Mr. Speaker, comment has been made that on June 10 of this year the House unanimously supported the conference report. That is true but there is a good explanation and justification for a different vote today. The House on June 10 was in a position where they either had to vote yes or no on the conference report, because the other body had taken the papers first and they had ahead of the House approved the conference report. When the matter came back to the House of Representatives we either had to vote it up or down. We had no choice, no option at that point to send that conference report back to conference. At that time the choice was clear. We either had to approve or disapprove the whole conference report. We had no choice to attempt to eliminate section 601.

In defense of the distinguished gentleman from Illinois in his comments on the floor of the House that day, let me read what he said.

He warned everyone of us that there was this dangerous provision, section 601, in the conference report.

The language of the gentleman from Illinois is as follows:

> A requirement in the Senate bill that all money appropriated for health programs of all sorts be spent within the year was considered a dangerous incursion into Executive prerogatives by your conferees.

Yes, Mr. Speaker, the House was appropriately warned that an undesirable provision was in the conference report.

Let me emphasize the point that has been made by several here today. On May 7 of this year the House of Representatives approved a spending ceiling and voices were raised in this body on behalf of economy in Government and we were proud of our accomplishment. We thought this was a great move to hold down Federal spending on the basis, allegedly, of fighting inflation.

However, about 6 weeks later we are faced with a rather crucial test. Do you mean what you said on May 7 or do you not? It seems to me we ought to be consistent. We cannot have it both ways when on May 7 we voted one way and

now turn around and blithely vote the other way on June 25.

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

Mr. SPRINGER. Mr. Speaker, I wonder if the distinguished chairman of the Committee on Interstate and Foreign Commerce will yield the minority leader an additional 2 minutes?

Mr. STAGGERS. Yes. I am sure we have additional time here and I shall be glad to yield 2 additional minutes to the distinguished minority leader.

Mr. GERALD R. FORD. I thank the gentleman from West Virginia.

Let me say, Mr. Speaker, some of my friends on the other side of the aisle allege that this vote will be a political issue. I do not think it will be as they want it. There will be a far more important political issue, and that is the question of inflation. Everyone knows that excessive Federal spending has caused the inflation which we are experiencing today. The excessive Federal spending over the last few years has fueled the flames of inflation and if we add more Federal spending to the economy it will inevitably increase the problem and not lick the problem.

So, those who vote today to increase Federal spending through the adoption of this mandatory provision, section 601, can be charged and charged legitimately with helping to increase inflation and those who vote to sustain the President can claim credit in trying to do something affirmatively about inflation.

One final point, Mr. Speaker: There is a remedy. Sustain the President. The House Committee on Interstate and Foreign Commerce under the able leadership of the distinguished gentleman from West Virginia (Mr. STAGGERS) will report out this bill which was basically their bill, with the exclusion of section 601. I daresay that if this course is followed it will go on the Consent Calendar and be approved by the House at the next call of the Consent Calendar. If not, it could be programed by the distinguished Speaker and the distinguished gentleman from Oklahoma, the majority leader, on the next suspension calendar date and it would be approved overwhelmingly.

Mr. Speaker, there is a remedy. It can be done if we sustain the President's veto.

I think the House of Representatives ought to stand with the President against the wrong provision that was included in this legislation by the other body.

Mr. WYLIE. Mr. Speaker, my initial reaction to the President's veto of H.R. 11102—Medical Facilities Construction and Modernization Amendments of 1969—was unbelievable. How could the President veto an authorization for the construction of hospital facilities? Then, too, Hill-Burton has a reputation of being one of the best Federal-State programs. In Ohio for over 24 years the Federal Government has provided more than $155 million which has been matched with $544 million by local communities. There is no question as to the current need for hospital facilities.

In addition, I voted for the bill when it passed the House and for the conference report.

I must admit that I was not aware of the mandatory language in section 601 which was added by the Senate and adopted by the House-Senate conferees. Even if I had known about the language, I probably would have said Congress cannot enact language which would be legally binding on the President anyhow so it does not mean anything. We saw this in the case of the highway trust funds where President Johnson just simply did not issue the checks and there was no way he could be forced to do so.

President Nixon regards the language of section 601 as being mandatory. In my judgment, it is not good practice to say that a certain amount of money must be spent in a certain period of time. As a matter of fact, the authorization is $350 million above the budget request.

It takes many months to get plans and specifications ready for a hospital. The planning and development of a hospital is a complicated process, and just to authorize an appropriation does not build the building. But, to say that $350 million above the budget request must be spent before a deadline could not help but lead to waste and might, in fact, jeopardize what has been one of the truly great Federal/State assistance ventures.

If we delete the mandatory language, I will vote for a similar bill which has been introduced by members of the Interstate and Foreign Commerce Committee, although I would prefer an authorization for appropriations closer to the budget figure.

Returns from a recent questionnaire which I sent out indicate that the people of my district feel that the most important problem confronting the country today is not environmental pollution, crime and violence, or Vietnam. It is inflation. So I will vote to sustain the President's veto.

Mr. STAGGERS. Mr. Speaker, I yield 7 minutes to the gentleman from Louisiana (Mr. BOGGS).

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

Mr. BOGGS. I yield to the gentleman from North Carolina.

Mr. TAYLOR. Mr. Speaker, I hold in my hands a copy of the Asheville Citizen and call attention to a headline which reads, "Veto by Nixon of Hospital Bill May Boost Rates." Destroying the Hill-Burton hospital grant program will boost hospital rates and the people know it.

In his veto message, the President argued that direct grants should be replaced with guaranteed loans. Most hospitals are already in financial trouble and are not in position at this time to assume the added burden of repaying long-range construction loans.

Constantly rising medical and construction costs have made it increasingly difficult for most hospitals to keep even. I have personally talked to many hospital administrators in western North Carolina who assure me that their institutions are definitely not in position to borrow money to meet their needs. In many cases, long-range construction plans have been based on assurances that continued grants will be available under the Hill-Burton program. Many towns and counties and hospital boards of trustees have issued local bonds or raised millions of dollars through donations in expectation of matching Hill-Burton funds for the construction of badly needed local hospital improvements. In my opinion, it is unwise and unfair to change the rules in the middle of the ball game and deny them the Hill-Burton matching grants that they had every reason to expect.

In my congressional district in a small town in a rural-type county, a new hospital is badly needed and some 2 years ago the local people raised through donations $1 million to meet this need—$850,000 had been promised from Hill-Burton funds, some from the Duke endowment, and some from the Appalachian Regional Commission. The architect is now finishing preparation of the plans and suddenly the community is told that no Hill-Burton grant money is available. I ask you is it fair and proper to jerk the rug out from under their plans and hopes in this manner?

Certainly if these grants are to be terminated the program should be phased out gradually over a period of years so as to keep faith with obligations made in situations like the one above.

This is a valuable and popular program which has produced local interest and made possible many needed hospital improvements in all sections of America and I hope that the House will override the President's veto.

Mr. ROGERS of Florida. Mr. Speaker, will the gentleman yield?

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

Mr. ROGERS of Florida. Mr. Speaker, if the gentleman would permit, I would like to make two or three points.

Mr. BOGGS. The gentleman knows that I have very limited time.

Mr. ROGERS of Florida. First of all, somebody in this country has to stand up and speak up for the health of the people of this Nation.

And I think that the House will stand up for better health in this Nation. The fact that the House, by a nonpartisan, unanimous vote of 377 to 0, passed this bill indicates that we are equal to our responsibility for improving the health conditions of this Nation.

We know that there is a present need for an additional 85,000 acute care hospital beds, 893 public health centers, 164,000 additional long-term hospital beds, 872 diagnostic and treatment centers and 388 rehabilitation facilities and modernization of 455,000 acute long-term beds.

This comes at a time when the average cost per day of a hospital stay is more than $55. Doctors have told us that the cost per day in many areas is already over $100 per day and this is expected to be the pattern all over the Nation in the near future unless action is taken. We know of instance after instance where people are forced to wait for hours in emergency wards and other people are put into hallways because there are not enough beds.

It would take an estimated $5.3 billion to build what we need right now and an additional $10.5 billion for modernization of the 455,000 acute and long-term beds. So if we drafted a bill and asked for the money we need just to get this far, we would need more than $16 billion. But the bill we are voting on now calls for

only a fraction of this because that is all we can provide right now.

In addition, I would point out that this is not, I repeat, not, an appropriation bill. This is an authorization bill. This bill sets out the needs which your committee has found to be most urgent. It does not supply the funds to meet the needs.

The history of health legislation shows us that unfortunately the appropriations seldom match the authorization. Health has been relegated too long to a very low priority.

We have heard from the President, and from his Secretary of HEW that a crisis in health exists. I agree. And I think that we must put a halt to the sliding priority which has been assigned to health.

I would also mention that of late there has been much concern about the cutbacks in cancer research. Last year alone more than 323,000 Americans died from cancer. Yet we are not putting enough money into research which will bring us a solution to this national problem. In fact, we have seen the budget cut in cancer research. The National Cancer Institute has testified that it can utilize $257.8 million in fiscal 1971. But the Administration has cut this and asked for only $202 million.

We know that more than a quarter of a million people are going to die from cancer next year. But we are doing very little to speed a cure.

The Congress must assert the initiative to finance the research for this country concerning cancer, heart and stroke and other diseases. There were no funds requested to build acute hospital beds, no funds requested to build any community mental hospital centers. The highest inflation in the country is occurring in the health field, up 17 and 18 percent. Unbelievable. If we do not have a sufficient program to deliver services to the people, that is where inflation is going to really rise. We must do something about building hospitals and facilities so that there will be facilities available when people are sick and need help. If the shortage of health facilities continue in such large numbers as outlined above, then the costs of medical care will rise even more than before. This will affect everyone's pocketbook, particularly those who do not have the means to pay $100 a day in hospital expenses. To fight inflation requires action to try to reduce costs in the most inflationary sector of our economy, and that is in the health field. If you get sick and have to go to a hospital today, you will really know what inflation is. Shortages of beds and facilities, means higher prices for each family who has a sick member.

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

Mr. BOGGS. I yield to the gentleman from Texas for an observation.

Mr. PICKLE. Mr. Speaker, I thank the gentleman for yielding.

This administration made no request for new hospital construction in the 1970 or 1971 budgets. When you do not have money for new hospital construction in the Hill-Burton program you are literally taking the heart out of that program. Therefore it is needed, and we must have it. There is a place for mortgage loans, but if we had depended on mortgage loans alone we would not have one-third of the hospital facilities we have today. We need the legislation.

Mr. BOGGS. Mr. Speaker, there have been several words bandied here this afternoon, and the two which have impressed me most are "consistency" and "credibility."

A poet once said, "Consistency, thou art a jewel." To me it is incomprehensible to have the distinguished gentleman from Illinois (Mr. ANDERSON) and the distinguished minority leader (Mr. GERALD R. FORD) argue that a vote to sustain the President is consistent.

We passed the conference report without a single vote against it. Now where does the consistency come in when you reverse yourself? If that be consistency, then I would cite another poet, Ralph Waldo Emerson, who said, "Consistency is the hobgoblin of small minds." And let me repeat the words of my dear friend, the gentleman from Illinois (Mr. SPRINGER) when this conference report was up, and when he recommended that the House approve the conference report, and he said this, and I quote his statement from the RECORD:

> The conference report embodies several compromises but we feel—
>
> Meaning the conferees—
>
> that the essential elements of the House bill have been preserved.

And then he said, with reference to section 601:

> In order to come back with a bill it was finally agreed to retain the requirements for three programs only. They are Hill-Burton, mental health, and mental retardation.

I am quoting the gentleman from Illinois. At that time he recommended adopting the conference report, and it was adopted unanimously with his vote and all of his Republican colleagues.

Now what makes him think if we adopt a new bill, with the proposed changes, that the other body is going to take the language in the new bill? How does he get that idea? Have they given him that assurance? I would not think so.

The idea that the appropriations requirements of this bill are something new or different or inconsistent is entirely wrong. In truth and in fact, we have dedicated funds and required the President to spend the funds, for many, many years.

Former Senator Lister Hill of Alabama, a distinguished Member of the other body, was a sponsor of that amendment many years ago. In addition to that, we have all kinds of dedicated programs in the federal system. We have just established a brandnew one—the Aviation Facilities Expansion Act—which includes a similar dedicatory provision.

We have had it for years in social security.

We have had it for years in the Veterans' Administration.

We have had it for years in the Railroad Retirement Fund.

We have had it for years in civil service retirement.

We have had it for years in many other programs of this Government.

The chief counsel of this Department of Health, Education, and Welfare rendered an opinion to Secretary Finch in January of this year which was incorporated in the CONGRESSIONAL RECORD, volume 115, part 1, page 1487, by the distinguished gentleman from Minnesota (Mr. QUIE). I will give you a direct quote from the opinion:

> The Hill-Burton program is clearly a mandatory program both with respect to the allotment of the entire appropriation.

And so, the dedicatory provisions of this bill are entirely legal.

But this is not the central issue of our debate here today. The real question is whether Congress is going to provide adequate hospital facilities for our sick and aged.

At this moment we need 85,000 acute-care hospital beds and 165,000 long-term-care hospital beds in this country.

Several weeks ago, when this question was before us, Congress gave its answer: We passed this bill without a single dissenting vote. I do not think we can do any less today.

I intend to vote to override the President's veto and I urge all my colleagues to join me.

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

Mr. BOGGS. I shall be glad to yield to my friend, the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Speaker, President Nixon's veto of H.R. 11102, which would have extended the Hill-Burton hospital construction program, as well as providing additional funds for the construction of hospitals and for the guarantee and subsidy of hospital loans, was an outrageous slap at the American public. There is a crisis, as everyone knows, on the American health scene. Too few hospital beds, too few doctors, too few nurses, too few medical technicians, and too few efforts on the part of the Federal Government to provide adequate health care facilities for the public are facing this country today. With this situation, President Nixon demonstrated outrageous contempt in vetoing this bipartisan-supported hospital facilities bill.

The cost of hospitalization is fast approaching the average of $100 a day in almost every section of the country due mainly to the expensive operations of inadequate and old hospitals and medical facilities. Unless this veto is overridden, we can surely expect the cost of hospitalization to rise even higher. Mr. Speaker, the President's veto of this bill is all a part of this same strategy, failure to take the proper economic steps to provide adequate housing for American citizens, the calloused attitude to permit unemployment to rise, and utter disregard for much needed Federal aid to education around the country. The President himself stated last July that this Nation faced a health crisis, yet 1 year later the President has apparently forgotten this statement because of his vital concern over "fiscal irresponsibility." Well, Mr. Speaker, the irresponsibility is not in fiscal matters, but in the administration's domestic policy. I urge that this House overwhelmingly override the unfortunate veto of a vital bill.

Mr. STAGGERS. Mr. Speaker, I yield

one-half minute to the gentleman from North Carolina.

Mr. BROYHILL of North Carolina. Mr. Speaker, for the 8 years I have served as a Member of the House of Representatives, I have viewed with increasing concern the need for expanded and modernized health-care facilities. In fact, I strongly believe that these broad needs require the most urgent priority and, for that reason, I support this legislation as it has been written and submitted to the President.

As a member of the House Interstate and Foreign Commerce Committee, I believe that the bill developed by the committee significantly improved the measure submitted by the administration some time ago. In fact, I have been distressed with the administration's desire to rewrite the Hill-Burton program to replace the concepts of grants-in-aid with a system of guaranteed loans. This is a new and untried concept which may possess great potential as a device for financing health care facilities requirements. However, our committee strongly believed that abandoning the grants-in-aid program could have serious and unsatisfactory repercussions. Nothing has happened to weaken that view as I evaluate the issues in this debate.

Certainly, we must welcome new approaches to old problems and the plan for guaranteed loans ought to be explored, but the progresison of needs for the Nation's health care facilities will not stand still while we experiment with a new concept. That is why I so strongly supported the balanced judgment which the House version of this bill contained. It did not deny the opportunity to explore the plans for guaranteed loans. At the same time, it did not abandon a long and successful program, such as Hill-Burton, which through a quarter of a century of use has brought into being hospitals where none existed previously and where the likelihood for such facilities would have been dim, indeed, without it.

We must be frank, I think, in expressing the basic concerns which many Members of the House feel about what is involved here. I, for instance, have no wish to interfere with the legitimate prerogatives of the executive branch. But, neither do I believe that latitude should be extended by the Congress to allow the abandoning of a necessary program.

There is an unfortunate implication in the veto of this bill that the grant-in-aid program for Hill-Burton could be nullified by the simple expedient of refusing to commit funds provided for this purpose.

It is important to the Nation, I believe, that the integrity of the Hill-Burton program be preserved. That appeared to be the overwhelming sentiment in the House on June 10 when it approved the conference report on this bill by a vote of 377 to 0. I hope that the House will reassert its support of this measure now so that it can be enacted into law.

Mr. STAGGERS. Mr. Speaker, I yield to the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS of Florida. Mr. Speaker, I want to make a point that I do not think really has been made.

This is not an appropriation bill. If an appropriation bill were to come out and up the limit, the President can veto that bill.

This is simply putting a limit on what can be spent. There is no money in the bill.

As you may know, last year the Congress appropriated $176 million out of an authorization of $295 million.

So, therefore, this argument fails insofar as raising that kind of issue on this bill.

It is on an appropriation bill where the issue of spending or not spending should be raised. The bill authorizes limitations on the amount that the Appropriations Committee could recommend that the Congress appropriate for the President to spend.

Mr. CEDERBERG. Mr. Speaker, I yield to no one in my support for the Hill-Burton program. My record clearly indicates that I have always supported and will continue to do so. The issue today is not the merits of the program but only the provision which requires the President to expend within the fiscal year the amounts appropriated. While in my opinion the President already has the right to determine the rate of expenditure up to appropriation levels. The President feels this authority may not be clear. I intend to vote to sustain the President's veto because I believe it will not in any way hinder the program but that it assumes proper fiscal order.

For anyone to interpret my vote as being against the Hill-Burton program would clearly be a distortion of my record and intent.

Mr. TIERNAN. Mr. Speaker, yesterday, in vetoing the Hospital and Medical Facilities Construction and Modernization Amendments, President Nixon termed the bill a "long step down the road to fiscal irresponsibility."

Can it be termed irresponsible for a Nation that is spending $30 billion a year on a war of destruction in Southeast Asia to now spend $865 million over a 3-year period on hospital and medical facilities? This means that less than 9/10 of 1 percent of our war expenditures will be spent on needed hospital beds, out-patient facilities, extended care services and loan programs for the construction or modernization of these facilities.

The President said that the bill he had vetoed would significantly restrict Presidential options in managing Federal spending. This of course is a direct reference to the section of the bill that would prevent administratively imposed freezes, reductions and rollbacks from applying to health programs authorized under this act. The Congress, by this amendment, demands that the health needs of our citizens must come before bombs and SST's. The President obviously objects.

The time has long since come that the Congress stand up and be counted. This bill passed the Congress by a combined vote of 430 to 0. We must not now sit aside and watch this needed legislation die.

Mr. ADDABBO. Mr. Speaker, the Hill-Burton program has been our primary weapon against critical hospital bed shortages for the past 25 years. Without this program, the health crisis which exists in our Nation today would be beyond solution.

The Congress has always recognized this fact and this year both the House and the Senate unanimously approved the Hospital and Medical Facilities Construction and Modernization Amendments of 1970. This legislation authorizes $2.79 billion over a 3-year period for construction and modernization of health facilities. Of this amount $1.29 billion was earmarked for grants and $1.5 billion for federally guaranteed and direct loans.

This commitment by Congress to meeting the health crisis in America must be upheld and I urge my colleagues to join with me in voting to override the President's veto.

This is the second time this year that the President has tried to kill vital social legislation—first in the field of education and now in the field of health. The time for establishing new and clear priorities is now and Congress should be proud that it has chosen education and health as basic starting points.

The unanimous vote of the Congress should be sustained and I hope that the vote to override the veto will also be unanimous.

In my own community and other parts of my district there are areas of population of over 200,000 without adequate hospital facilities within 10 miles.

Mr. HOWARD. Mr. Speaker, I rise today to urge my colleagues to override the President's veto of the Medical Facilities Construction and Modernization Amendments of 1970. The override of this veto would do more than provide desperately needed funds for medical services of this Nation—it would emphasize the need and intent of this Congress to provide a reordering of our national priorities, and a long overdue reordering at that.

It would appear that the present administration is very long on concern in its speeches, but very short on concern when it comes down to hard cash. The President has spoken eloquently on the growing medical crisis in our Nation. But he refuses to accept our concern as evidenced by our authorization of these funds. These funds will not solve that medical crisis; but the death of this legislation will increase the crisis to incomprehensible proportions.

Mr. Speaker, recent figures indicate that it costs approximately $50,000 for each bed in hospital construction. Our communities cannot provide that kind of money, but they must have adequate health care facilities. At this cost, in a 200-bed hospital, running at a norm of 80 percent occupany, it costs each patient $5.60 each day, in interest costs on a $3 million loan for construction of that hospital. Is it any wonder our citizens cannot afford decent medical care?

In my own area of New Jersey we are desperately in need of additional hospital bed space. Presently, there are two hospitals under construction, but the Freehold General Hospital will not be completed for another year, and the Bayshore Community Hospital in Holmdel, will not be ready for almost 2 years. By that time, even these two hospitals will be inadequate to meet the needs of our continually growing population.

We ask here: What will passage of

this bill mean to these two hospitals, and other planned or under construction in the State of New Jersey? Well, in the first place, this legislation will bring approximately $7.9 million into the State for direct grants to hospitals. It will also make $18 million available for guaranteed loans, with a 3-percent interest subsidy.

Considering that the Bayshore Hospital has currently a $3.5 million loan outstanding, and the Freehold Hospital has a $4 million loan, both at 9 percent interest rates, the assistance provided by these Hill-Burton funds will be enormous. Placing these two hospitals under these programs will make their effective interest rates only 6 percent, and will consequently reduce the cost of care for each patient admitted to those hospitals.

It is frightening to realize the hospitals in our area are running from 90 to 100 percent occupancy. The occupants of these hospital beds are primarily urgent cases. Urgent cases are distinguished from "elected" cases. It should be noted that a person who has "elected" to have an operation to remove a cancerous tumor is in the latter category. Patients in this category must place their names on a waiting list for admission, and these lists are running from 4 to 6 weeks behind. This time lag can mean literally the difference between life and death for these patients.

The President has called this legislation "fiscally irresponsible." I call it an answer to urgent need. Unfortunately, the President has determined that war and armaments are our sole priorities. The Congress today has a responsibility to order new priorities. If the President wants to save money I would submit there are many areas in which he could do so, without damaging the prospect of health care for the entire Nation. I would suggest that he save money by reducing the military budget for useless items and outrageous cost overruns. I would suggest that he save money by supporting our efforts to reduce the farm subsidies. I would suggest that he use his veto power on such unnecessary programs as the Federal development of the supersonic transport plane.

No one is more aware of the need for fiscal responsibility and reduced Government spending than I am. My argument lies, however, in the necessity to choose carefully the places where the reductions occur. I do not believe this country can afford to stop spending money on health care for our citizens. I urge my colleagues to consider this carefully in their decision today to override this irresponsible veto of H.R. 11102, the Medical Facilities Construction and Modernization Amendments.

Mr. RYAN. Mr. Speaker, I will vote to override the President's veto of H.R. 11102, the Medical Facilities Construction and Modernization Amendments of 1970.

Once again the House has before it a bill that has been vetoed by the President on the ground that it is "financially irresponsible" and "inflationary."

Once again the bill that the President has vetoed deals with one of the most serious problems facing our Nation—that of the health and welfare of our citizens.

At the same time, the President has given priority to other programs which we must assume he feels are fiscally responsible and noninflationary. His support of an expanded war in Southeast Asia, an expressive military budget, and the SST gives them preferential treatment over our Nation's health and welfare needs.

The bill before us had the unanimous support of both the House and the Senate. The House passed H.R. 11102 by a rollcall vote of 351 to 0; the Senate by a vote of 79 to 0.

This bill provides for the continuation of the 25-year-old Hill-Burton program—a program which has in the past helped to promote the development of hospital and medical health care facilities.

I need not tell my colleagues about the crisis in medical care which exists in this Nation today.

I need not tell them about serious overcrowding and lack of facilities in our medical care centers.

I need not tell them of the inadequacy of emergency facilities in areas throughout the Nation.

This bill provides $1.2 billion for hospital and medical care facilities. This is not nearly enough to solve our health crisis.

How can the administration justify some $70 billion for weapons of death and destruction and at the same time refuse a little over a billion dollars for health care and lifesaving?

It has been said that there will be an increase in Federal health outlays of 28 percent in fiscal year 1971, and thus the administration is committed to health care problems. I do not agree.

It has been suggested that the only objection the President has to the bill is section 601—which requires all funds to be spent. The argument goes that he does not object to the high priority given to Hill-Burton, but only to the fact that all appropriated funds must be used. How can the administration say it supports the program and then refuse to support full use of the appropriated funds?

I am as concerned about the state of the economy as the President. I am concerned about what Americans are being forced to pay in taxes. I would suggest to the President, however, that, if he is really concerned about inflation and fiscal irresponsibility, that he veto bills whose benefits do not accrue to all Americans, such as parts of the military budget and the SST.

Mr. HUTCHINSON. Mr. Speaker, on June 4, 1969, I voted in favor of H.R. 11102, a bill extending the Hill-Burton program of hospital construction and establishing a loan program for hospitalization modernization. The grant program for new hospital construction was a 3-year program authorizing the appropriation of $937 million over that 3-year period.

The bill then went to the Senate, where the authorized cost of all programs within it were greatly increased. The House-passed $937 million grant program over a 3-year period, for example, became a 5-year program authorizing a total of $3,305 million—a figure wholly irresponsible in terms of the budget.

The Senate also wrote into its version of the legislation an availability of appropriations title, which required that all appropriations for health programs in any fiscal year be spent in that year, thus preventing expenditure control by the executive branch.

The two versions of the legislation House and Senate, were submitted to a protracted conference. In the end, agreement was reached by unanimous vote of the conferees, and on June 10, 1970, I voted in favor of the conference version along with all other Members of the House voting on the issue.

The conference version, so far as the Hill-Burton grant program was concerned, continued the traditional distribution formula. It was a 3-year program authorizing the appropriation of a total of $1,202 million. While the conference amount was $265 million above the bill the House passed a year earlier, it was little more than a third of the Senate-passed figure.

When the conference committee presented its case to us on June 10, I, for one, thought the House conferees had done a pretty good job to bring the Senate back from $3,305 million to a figure less than $300 million above the original House bill.

There was no indication that the administration was displeased with the compromise, no indication that the amount so far exceeded the President's budget as to threaten a veto.

The conferees also brought back the Senate availability of appropriations provision, modified in such a way that instead of all health programs, it would reach only three—Hill-Burton, mental health, and mental retardation.

Here again there was absolutely no indication that the administration opposed such a provision. No hint of veto was heard in these Halls.

In his veto message the President writes that the grant program at $1,202 million exceeds his budget by $350 million. Equally important, the availability of appropriations title, section 601, is so restrictive in the management of Federal expenditures as to make it impossible for the President to exercise control within the limits of the expenditure ceiling imposed upon him by Congress.

In this case there has been a complete breakdown in communication between the President and his leadership in the House. The membership was not told that the administration was opposed to the final version of the bill. In fact, the administration's leadership here supported the conference report. Neither a word was said nor a vote cast against it.

We are told that if the veto is sustained the Congress will promptly pass a bill identical except for the deletion of the availability of appropriations section 601. I have introduced a bill to accomplish that. The issue immediately before the House is thus narrowed to whether the President should be compelled to spend all the money Congress appropriates. If it is good policy to compel a certain level of expenditure for three health programs, it would be equally good policy to compel expenditure in most, if not all, programs throughout the Government. If Congress were effectively organized to make those judgments, that would be one thing. Regrettably, it is not. And the only mechanism for expenditure control

now existing is in the Executive. There must be a management of Federal expenditures. Congress cannot on the one hand impose an expenditure ceiling on the President and on the other hand deny him flexibility in expenditure management, unless Congress is ready to completely manage every expenditure. But Congress cannot do that, at least not now.

So, Mr. Speaker, I shall vote to sustain the veto. I do so believing this Congress will pass legislation continuing the Hill-Burton program. I do so also with the plea that the President will not again veto legislation with popular support without suggesting to his leadership here at the time of House debate his disagreement with the bill.

Mr. PODELL. Mr. Speaker, at the very time that the U.S. health services are on the verge of important breakthroughs in their research, the money for the support of such programs is being denied them. We hear of plans by the Federal Government to eliminate the division of chronic disease of the Public Health Service with the resulting loss of the Bureau of Cancer Control. To some, it seems insignificant that this Bureau has been responsible for training or specialists for the early detection and the treatment of cancer. Yet, I believe that President Nixon's veto on Monday of the bill appropriating funds for the construction and the modernization of medical facilities is the most serious setback that health care has received thus far.

Let Congress appropriate $290,000,000 for the supersonic transport plane and the White House will shout "bravo." Let Congress appropriate grants for hospital construction and modernization and the White House cries "fiscal irresponsibility." It is once again time to raise the issue of this administration's seeming lack of concern with the health and well-being of its citizens.

The United States has traditionally thought of itself as the richest and the healthiest Nation on this earth. Statistics, however, prove otherwise. Twelve nations rank better on the rate of infant mortality than does the United States; 29 nations have higher male life expectancy; six have better life expectancy among their female population. Obviously, our efforts until this time have left much to be desired, and those efforts are in serious danger of being reduced still further because of the lack of funds. Despite all this, the President still terms hospital construction "fiscally irresponsible."

Community health centers in this country have traditionally provided an invaluable service in their excellent treatment of the mentally disturbed. These centers have become integral parts of the communities they serve, and we need more of them. We must also insure that the quality of the staff that they hire remains high.

These centers have made important breakthroughs in the treatment and the rehabilitation of narcotics addicts, and have the ability and the facilities to expand such service if they are given adequate funds.

Yet, the administration's proposed 1971 level of funding falls far below that of last year. It provides for no new "initiation and development grants," and will not permit any new construction of mental health facilities. In addition, no money has been allotted for the child mental health programs that the centers presently administer.

Our medical and dental schools have had to ask the Federal Government for more money. Many have seen their endowments eaten up by the high cost of educating the future doctors and dentists that this country needs so desperately. We decry the shortage of such health professionals only to find that the Government meets these needs with too little, too late. In the views of numerous deans of our medical schools, Federal initiatives have been far from sufficient.

Is it too much to ask that a nation as rich as ours be given the best of health care? Is it too much to ask that a nation as rich as ours not have its citizens make appointments to have operations when there is a "free bed" rather than when there is need to have an operation?

Our Nation is in the midst of a serious economic situation; there is nobody that can deny that fact. However, our Nation is also in the midst of a serious health crisis, and we do not have to appoint another commission to tell us that. Doctors have come to my office in Washington to tell me that their research money has been cut off. Some have said that they were on the brink of a discovery of the relationship between cholesterol, high blood pressure, and heart disease, only to find their project suddenly canceled because of the lack of funds.

Mr. Speaker, we have money for guns and for armaments. We pay people not to produce wheat; we spend a small fortune on a commercial aircraft that will be used by only a tiny percentage of our population. Yet, we cut off funds for heart research.

Mr. Speaker, I believe that there is something seriously wrong with a nation that turns its back on the real health problems of today. This Congress, because of the Presidential veto, has been given still another chance to reaffirm its commitment to the health and well-being of its citizens. I urge that this Congress act to overturn the Presidential veto and to pass the appropriation for the construction and modernization of our hospitals.

Mr. OBEY. Mr. Speaker, I am frankly amazed that the President has vetoed H.R. 11102, extending the Hill-Burton program for hospital construction and modernization.

In his veto message to the Congress, the President said that his legislative proposals regarding hospital construction "faced the need to determine priorities in the uses of limited Federal dollars." The legislation Congress passed, the President continued, "avoids facing up to the choice that has to be made."

Mr. Speaker, let us look for a minute at the priorities which seem to be of concern to this administration.

We know, for example, from State health agencies administering hospital construction programs, that a present need exists for an additional 85,000 acute care hospital beds, 893 public health centers, 164,430 additional long-term beds, 872 diagnostic and treatment centers, and 388 rehabilitation facilities, with a total estimated cost of $5.3 billion.

In his 1971 budget, the President asks for only $89 million for grants and loans for hospital construction, obviously a totally inadequate amount to finance present needs.

But while the President asks for only $89 million for hospitals for the 1971 fiscal year, he sought just a few days ago a $200 million loan guarantee for Penn-Central Railroad—a little welfare program from the Federal Tresaury for a $7 billion corporation.

Certainly, Mr. Speaker, I am just as interested as the President in cutting unnecessary spending, but why in heaven's name cannot we cut back on unnecessary moon spending, cut back on SST subsidies, cut back on foreign aid to political dictatorships like Greece, and cut back on subsidies to private corporations rather than gouging it out of the hides of small and large communities throughout this country which are badly in need of health care facilities.

The President's action in vetoing H.R. 11102 can legitimately lead us to question whether this administration has any strenuous commitment at all in the field of health care. That veto will certainly hamper future construction to meet our health care needs. I do not support that veto and I urge this House not to.

Mr. GOODLING. Mr. Speaker, I want to go on record as supporting President Nixon in his veto of the Medical Facilities Construction and Modernization Amendments of 1970.

For one thing the bill provides $350 million in excess of the amount requested by Mr. Nixon in his budget for fiscal 1971, and, in the process, puts awry the President's efforts to cut back on Federal spending and hew to the line of fiscal responsibility.

One could easily forgive this excess in spending, however, on the grounds that the money is being assigned to a good cause if there were not other negative aspects associated with the measure.

For one thing, the bill prevents the President from managing Federal expenditures in a prudent manner by compelling him to spend money whether or not it is needed, and this compulsion would be in effect for an extended period of time.

For another thing, the bill, by forcing the President to spend in one area, prevents him from spending in other areas that might have a greater need for financial support.

And a final consideration is that this compulsion aspect on Federal spending could perform as a precedent, setting the stage for binding the President with respect to other Federal programs.

In summary, I could support this bill, and I feel sure President Nixon could, too, providing the "forced spending" provision was not a part of the legislation. With this provision in the measure, the good features of the bill are too greatly diluted.

Mr. ROSTENKOWSKI. Mr. Speaker, on Monday, when the President vetoed the Hill-Burton Hospital Construction Act, he noted that to do otherwise would have been to take "a long step down the road to fiscal irresponsibility." It is regretful that the President has chosen

this legislation to demonstrate his newly developed concern for the condition of our economy. The Hill-Burton Act has been, since its inception in 1946, one of the most productive pieces of health legislation ever enacted by the Congress. The funds derived from this act have made possible the construction of numerous health facilities throughout our Nation. Recent statistics provided by the various State agencies administering this program, indicate there exists today, a dire need for an additional 85,000 acute care hospital beds, 893 public health centers, 872 diagnostic centers, and 164,430 additional long-term beds. By vetoing this bill, the President has chosen to cut costs at the expense of the millions in our Nation who so desperately need hospital care. I find this a very disturbing choice. The ability to provide health care is meaningless without adequate health facilities.

I am aware, as I am sure all of my colleagues are, of the need to cut unnecessary expenses at this time. Ways must certainly be found to slow the inflationary spiral, but the President's choice is totally unacceptable.

In 1961, in his message to Congress on health and hospital care, President Kennedy said:

> As long as people are stricken by a disease which we have the ability to prevent, as long as people are chained by a disability which can be reversed, as long as needless death takes its toll, then American health will be unfinished business.

Mr. Speaker, we still have this unfinished business before us and therefore, cannot let this historical act expire. I urge my colleagues to override this Presidential veto in order that the benefits which have emanated from this act may continue.

Mr. WYATT. Mr. Speaker, the Presidential veto of the Hill-Burton Act opens wide the door for the demagog for irresponsible charges both against President Nixon and against those voting to sustain the President's veto.

The Hill-Burton program for much-needed hospital construction work is a great program, and one which I have always supported strongly. The issue is not, as some would attempt to make you believe, whether you support this act or dissapprove of it.

The critical facts are these: The President in his budget requested a continuation of the Hill-Burton program, at the same time laying emphasis on the advantages of weaving in improvement and expansion of existing hospitalization facilities along with new construction as being the most practical way of providing in the fastest possible way the maximum number of new hospital beds so badly needed in America today. Congress increased the total appropriation authorization by $350 million. Congress at the same time required the President to spend every nickel of this money. Meanwhile, Congress is continuing to impose an overall spending limitation on the President.

So, we have the spectacle of Congress trying to force expenditures, while it is ordering that strict limitations be placed on expenditures.

The very same people who are criticizing the President for not making more progress in the fight against inflation are trying to make success impossible, by adding an additional $350 million to his budget request, and then requiring that it all be spent.

If we are to be responsible, and if we are to aid the President in the fight against inflation, we should maintain his budget levels, and permit him flexibility in managing our fiscal affairs. To do otherwise is an assumption of full blame for the consequential inflationary results.

As for the Hill-Burton program itself, it will continue and all programs now underway or contemplated will continue. A new bill has been introduced with numerous sponsors, including myself, without the additional inflationary $350 million, and I have no doubt that responsible Members of Congress will see that prompt action is taken to continue the Hill-Burton program. It will be continued on the same basis as before, and on a basis that will now throw gasoline on the present hot flames of inflation.

I shall support the renewal of the Hill-Burton Act with vigor and enthusiasm.

Mr. PELLY. Mr. Speaker, I have given much thought as to my vote on whether or not to sustain or override the President's veto on the bill which would extend for 3 years the Hill-Burton hospital construction and modernization program. I continue, as in the past, to be a strong supporter of the Hill-Burton program. It has been one of the most successful programs of Congress to increase the number of hospital beds in the Nation, which have been inadequate for the needs of the people.

Mr. Speaker, I want to briefly discuss each of the points I think the Members of the House should consider today.

One of these is the need for the Government to practice restraint in spending on account of inflation. The second point at issue is the special need now for hospitalization and the acute problem throughout the Nation. Also, there is the objection of the President that the Senate added language to the House bill which made the amounts appropriated by Congress under this authorization mandatory.

As to the matter of inflationary spending, it should be remembered that this legislation was passed by the House on a rollcall vote of 351 to 0. At that time I considered the inflationary aspects of the bill and supported it because it was an authorization and not an appropriation. I think the proper time to cut inflationary spending is when appropriation bills are considered. Of course, it is the Appropriations Committee which scrutinizes legislative programs and weighs the priorities and attempts to keep the overall total spending in line. So, as I say, I think when we consider the appropriation bill we should decide the proper amount which should be spent.

Mr. Speaker, on the subject of Federal expenditures, the Nation now faces a conflict between unemployment and the need to stimulate the economy, and on the other hand the desirability of cooling the economy by restraint on spending. In the First Congressional District of the State of Washington, which I have the honor to represent, unemployment, I am told, exceeds 8½ percent.

Eight and one-half percent plus employment is not a recession, it is a depression. I think that in areas such as my district inflation must be secondary and that the Federal Government should not freeze Federal projects; instead it should go ahead with projects that are needed. For example, I understand that at the present time 34 percent of my carpenters are unemployed. Hospital construction would help this situation. So I support the full amount of the Hill-Burton authorization and hope that there will be construction of this nature in the Seattle area.

Mr. Speaker, the second point involves health needs of the Nation. I have checked and find that my constituents are confronted with shortages and overcrowding of hospital facilities and that there is a shortage of emergency and outpatient facilities. So, I think the program should have a high priority.

And finally, Mr. Speaker, the President has objected to this legislation because of its mandatory language. I recognize this problem; it came up in connection with the veto of the HEW appropriation bill. At that time we had a total ceiling on spending. For 1971, however, such a ceiling has not been enacted, although the House passed one. As to whether or not Congress can force the President to spend money, Mr. Speaker, I assumed when this matter came up before that the HEW formula was mandatory, but I do not believe the Congress can make the President spend money on any project.

If the President does not spend the money there is nothing Congress would or could do about it. But meanwhile I very much doubt, under the Constitution, that the Congress has the right to force the President to spend money that he does not want to spend. So, as I say, I have given this matter great thought and have come to the conclusion that I could not properly represent my constituents if I voted to sustain the veto. I feel especially that the House is right in this case because we passed the bill without any objection from the executive branch as to the inflation factor involved, and later with the mandatory language in it we passed the conference report with no notice that the President objected.

Mr. Speaker, I want to support my President whenever I can do so. But, in this case the needs of the people in my congressional district are such that this legislation should become law.

I include at this point a telegram from the Washington State Director of Public Health in support of this program:

> Since its inception the Hill Burton program has been most successful and efficient means of getting federal dollars down to the local level where it is most needed, of any program yet conceived. Practically all areas in the state have received federal assistance in the construction of health facilities. The Hill Burton program provided the leadership and incentive for the establishment of health facilities planning and construction and licensing programs of our state. There is still great need for federal assistance in this state. For the past three fiscal years we have had applications for over $71 million of Hill Burton participation in construction costs totalling almost $2 billion. Total allocation for past three fiscal years has been $9,476,763 which is ap-

proximately 13% of the $71 million plus which has been applied for. Facilities have become outmoded and obsolete. Approximately 50% of our existing facilities do not conform to Federal standards. As Director of the Washington State Department of Health, I strongly urge you to vote to continue the Hill Burton program at reasonable level, including the loan provision.

WALLACE LANE,
Director, Washington State Department of Health.

Mr. KLEPPE. Mr. Speaker, I am today introducing legislation identical to that sponsored yesterday by the gentleman from Illinois (Mr. SPRINGER) which is identical to the Hill-Burton bill with one exception—title VI, section 601, is eliminated.

The dollar amount of the program is not changed. The mandatory spending requirement—the major reason the President vetoed the measure—would be removed.

I have always been a strong supporter of the Hill-Burton program and will continue to be. I am sure an overwhelming majority of the Members of this body share my thinking, however, that the mandatory spending requirement places an illegal and unjust restriction upon the executive branch.

When the House initially passed the Hill-Burton bill, the mandatory spending provision was not in the bill—it was added in the Senate. After 5 weeks of attempting to hammer out an acceptable compromise, and after having reduced the bill over $1 billion from the level approved by the Senate, the House conferees reluctantly agreed to accept title VI—the mandatory spending provision. When the conference report was before this body, it was pointed out that a dangerous precedent was being set by including this provision, but acceptance was apparently the price of passage.

The President, in his veto message, pointed out that the restriction on his flexibility would be drastically impaired. A limitation on total 1971 spending has already been passed by the House and reported out by the Senate Appropriations Committee. By insisting that the President spend the funds appropriated for the Hill-Burton program over the next 3 years, and at the same time limiting what the President may spend in total outlays for fiscal 1971, the Congress has withdrawn with one hand the authority necessary to do what it requires with the other.

I urge my colleagues to vote to sustain the President's veto of the Hill-Burton bill, H.R. 11102, on the basis of title VI, section 601.

I further urge my colleagues to work for immediate passage of the new legislation which I and many others have already introduced—legislation which is identical to the vetoed Hill-Burton bill, with the exception that title VI, section 601 is removed.

By immediate action on this legislation—a program that has had bipartisan support throughout the years—we will show that we recognize the logic in the President's veto while at the same time show our strong and overwhelming support and interest in maintaining the Hill-Burton program.

Mr. GALIFIANAKIS. Mr. Speaker, I support the effort today to override the President's veto of the Medical Facilities Construction and Modernization Amendments of 1970.

In the President's first exercise of the veto power last winter, when he refused to sign the Labor-HEW appropriations bill for fiscal year 1970, it was estimated that North Carolina lost nearly $25 million that it would have had under the bill originally passed by the Congress.

Nearly $4 million of that total would have been used for hospital construction and renovation—the same programs which would suffer again if the President's latest veto is sustained.

Mr. Speaker, North Carolina and the rest of the Nation cannot afford to lose money for these purposes again. The Congress realized this when it enacted the 1970 amendments without a dissenting vote. We were unanimous then, and I hope we will be unanimous today.

If the Congress sustains the President's veto it will not be a disaster for health care in North Carolina, but it will be a crippling blow. Many of our hospitals are already on their knees. We should not push them down further.

When you walk into a hospital today and see patients backed up in the halls because of inadequate room space for beds, when you see whole sections of old hospitals literally crumbling with the patients inside them, then you recognize the need for full Hill-Burton funding.

In North Carolina alone, this veto would at least reduce the funds available for a new county hospital to be built in Durham, and it would affect needed hospital renovation in 10 other cities.

I do not think the patients, or the doctors, or the nurses, or the staff in these hospitals will tolerate less than complete renovation.

What other choice is there? Do you renovate only the rooms, and leave the laboratory in an unsatisfactory condition? Do you remodel the laboratories and rooms, but leave inadequate fire escapes? Or do you stretch your money out and try to renovate everything, but do an incomplete job?

Mr. Speaker, I cannot understand the reasoning behind the veto of this bill. I do not understand how the administration on one day can ask the Congress for $750 million to bail out the Pennsylvania Railroad and then on the next day veto a hospital bill.

Surely we have a mistaken sense of priorities if the health of a railroad is more important than the health of the Nation.

To be sure, the administration has improved its position on Hill-Burton funds since the day when it proposed that the program be terminated and the costs transferred to medicare. And I do not question the fact that the President has a real interest in medical care and in remodeling the Nation's hospitals. We all do.

But a genuine interest is not enough, not if the funds to implement that interest are withheld. It is of little comfort to a patient in an outmoded hospital that his leaders in Washington are interested in his plight.

Mr. Speaker, we must have full funding for this program. The judgment of every Democrat and every Republican in the Congress was not wrong. I urge that each of my colleagues vote to override the veto this afternoon.

Mr. TAFT. Mr. Speaker, I shall vote against overriding the President's veto. When this measure passed the House originally, I voted for it and was happy to support the Hill-Burton program for continuing improvement of our hospitals and other health care facilities as I always have in the past. The bill, as it passed the House, was a far better bill than that before us now, and it would have updated and strengthened the program in a number of ways. Moreover, it would have done so without imposing upon the President the straitjacket mandating expenditures now found in section 601. As President Nixon has said, "it would interfere with my ability to comply with the limitation on total 1971 spending already passed by the House of Representatives."

Unfortunately, while recognizing the need for continuing to build and improve our hospitals, which I will support in new legislation if this veto is sustained, I recognize also that health care in this country has suffered greatly from inflation. In all measures that come before us here, we have to realize and take into account that mandated expenditures by the Federal Government can be a major factor in pouring more fuel on the fire, since they remove the judgment of the executive branch as to timing and priorities of particular projects.

In any event, the funds authorized would have to be appropriated, and this provision in the authorization bill may make it more difficult to get the appropriations desired.

Mr. OTTINGER. Mr. Speaker, this Nation is facing a very serious health crisis. The administration has already contributed to the worsening of this crisis with drastic cutbacks in Federal programs of aid for medical education, research, and health manpower. This past Monday, President Nixon struck what is perhaps the most serious blow of all when he vetoed the Medical Facilities Construction and Modernization Amendments Act. This veto must be overridden.

Medical experts all agree that the most serious weakness in our health effort is our failure to deliver health services to the people, particularly to the lower and middle-income families. That was the problem that the legislation attacked.

It is vitally needed legislation. I am proud that I was able to play a role in shaping it and equally proud of the fact that many of the reforms that I suggested have been carried into the act that was sent to the President.

The bill that President Nixon has vetoed would have made $3 billion available over a 3-year period for a broad program for the construction and modernization of urgently needed health facilities of all types. In vetoing it, the President has demonstrated callous disregard for our grave domestic problems that was demonstrated in his recent veto of the education bill.

The medical facilities bill made important new breakthroughs in meeting the desperate health needs of the average American family. Not only did it provide a billion dollar program for the construction and modernization of public and nonprofit hospitals and extended

care facilities, but it provided the first significant funding for the creation of outpatient facilities, public health centers, and rehabilitation facilities.

Under this bill we would, for the first time, be able to make a start to bring full and effective health care to the middle- and lower income communities in both rural and urban areas.

At this time the vast majority of middle- and lower income families are denied these services.

The terrible price of this denial can be seen in one set of simple statistics. Men in 22 nations have a longer life expectancy than the average American male, and the infant mortality rate in the United States ranks 14th in the world.

A significant advance made under this bill was the change of the outdated Hill-Burton formula under which hospital construction funds were allocated principally to rural southern communities. The legislation which the President vetoed would have removed this restriction. It would have permitted us, for the first time, to allocate health facilities where the greatest need is. It would have allowed the States to determine where their portion of the funds were to be spent. It would permit a State like New York to use the funds to meet the desperate needs of its growing urban centers.

One of the most serious problems that has stood in the way of effective delivery of health care to the American people is the inability of many economically deprived communities to raise the local share necessary for the construction of health facilities. The only alternative for these communities was to raise the cost of health care in order to pay for the construction of the facilities.

The gross inequity is clear.

If the families in these communities could afford the increased cost of health care, they could have afforded to raise their local share. Under existing law, the burden falls heaviest upon those who can least afford to bear it. The result has been not only increased cost, but failure to construct health facilities where they are most needed.

In some hospitals across the country, the per diem rate exceeds $100. Last year, the national average was $65 a day, an increase of 12 percent over the preceding year—and the cost is rising rapidly.

This bill made an important advance toward relieving this inequity and reducing the cost of health care. It gives the States the option of increasing the Federal share of construction up to 90 percent for projects that offer potential for reducing health care costs through shared services, interfacility cooperation, or independent ambulatory facilities.

The President, in vetoing this bill, has come out against the effort to fight the rising cost of health services.

The States reported to the President that their urgent needs for the construction of new health facilities required an investment of $6 billion and their need for modernization $10.5 billion.

The President in his veto has offered them nothing.

In his veto message, the President said:

> The major requirements today are to modernize existing but obsolete hospitals, particularly in the inner cities, and, in the face of sky-rocketing medical costs, to expand other types of medical facilities which can serve as more efficient and economic alternatives to hospital care.

This statement is true. But it represents the same empty rhetoric that the Nixon administration has applied to all of our domestic programs, for the legislation that the President proposed to replace the bill which he has vetoed—H.R. 10126 introduced by Congressman GERALD FORD, the minority leader—contains not 1 cent to accomplish this goal.

Instead, it provides for a system of Federal guarantees for loans from the private sector at existing interest rates. There is no single proposal that could contribute more to the already sky-rocketing cost of health care than the President's proposal.

The American people must no longer be deprived of the essential health services that we now recognize to be their right. We have the resources to see that these health services are made available to all. The Congress of the United States made an important forward step toward achieving this goal in the enactment of the Medical Facilities Construction and Modernization Amendments Act. President Nixon's veto of this legislation must be overridden.

Mr. MINISH. Mr. Speaker, from its inception in 1946, the Hill-Burton program has been the prime instrument for Federal support of construction and modernization of public and private nonprofit health facilities.

Since that time, the need for improved health facilities within urban areas has expanded greatly. When the program began, many of the hospital shortages were in rural areas. However, the problem has shifted greatly from lack of facilities in outlying areas to obsolete facilities within the cities. Moreover, hospital equipment has become more specialized and more expensive.

The increased cost of equipment coupled with the inflationary costs of hospital equipment and supplies calls for increased funding. Nonetheless, aware of the need for improved health facilities and although admitting that we are in the midst of a "grave health crisis," the administration has seen fit to veto this measure. One of the reasons given was the increase in authorization above the budget.

The Congress, however, believes that the budget request was too low, for it not only increased the authorization but passed the measure unanimously in both the House and Senate. Such bipartisan support of necessary health facilities can hardly be called "fiscal irresponsibility."

An overview of the measure demonstrates that its provisions and authorizations will permit the Nation's health facilities to remain functional in spite of inflationary costs of medical and health facilities. It is paramount that we adequately support this vital program.

The present administration places a low priority on health care needs, in spite of our acknowledged health crisis, by disapproving this measure. Moreover, this is the second bill the President has vetoed; the HEW appropriations measure was the first. Both pieces of legislation provided for health services.

In fact, although the administration finds unacceptable a hospital grant authorization $350 million above the budget request, I recall that the budget allocated $290 million for the supersonic transport, a high-speed pollution machine.

The evidence is overwhelming that the administration will support unnecessary technological development to the detriment of vital health needs, and it is up to the Congress to insure that such lopsided priorities are balanced.

Mr. PRICE of Illinois. Mr. Speaker, I am pleased to have this opportunity to go on record as supporting H.R. 11102, the Medical Facilities Construction and Modernization Amendments of 1969, as adopted by Congress, and to urge Congress to override President Nixon's veto of this bill.

I recently attended a meeting of hospital administrators in my area. Although the purpose of this meeting was to discuss the difficulties two inner city hospitals have in meeting daily operating costs, attention was also directed to the urgent need for new and improved medical facilities. The communities in my area and throughout the Nation are experiencing many difficulties in trying to meet ever-increasing medical needs. The hospitals have attempted to meet these needs through extensive modernization funded by the Hill-Burton program and by private loans. However, the Hill-Burton program is oversubscribed to and the current high interest rates coupled with the burden of rising hospital and medical costs have limited the effectiveness of their efforts.

Greater participation by the Federal Government is needed if the required medical facilities can be made available. The appropriations authorized by this bill will be used to construct and remodel needed hospitals, to reduce the high amount of interest that hospitals are required to pay on loans, and to give hospitals the means to purchase lifesaving equipment, such as kidney machines, that are now financially unobtainable.

The authorizations adopted by Congress exhibit foresight and concern and do not demonstrate fiscal irresponsibility. The appropriations are not excessive but meet only the health care needs now required by communities. If these requirements are not met now, the future needs will provide us with an almost impossible task to accomplish.

Adequate health care facilities have always been a high priority of this country. Gentlemen, I urge that we maintain this as a priority and override the veto.

Mr. DERWINSKI. Mr. Speaker, having voted for H.R. 11102 and having introduced a bill, H.R. 16359, which would provide grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, my record is clear as to the support I give to effective and manageable programs to improve health services to all of our citizens.

I will be pleased to support the bill introduced yesterday by my colleague, Mr.

SPRINGER, which would carry out the expanded program the President envisions in this field. I note, of course, the fact that health outlays for fiscal 1971 are substantially higher than previous years and thus we are giving necessary priority to this field.

However, taking into account the overall deficit in the Federal budget, the adverse effect of a deficit on the economy and the purchasing power of our citizens, and recognizing the great responsibility the President has for maintaining a sound governmental fiscal status, I cast my vote against overriding the President's veto.

Mr. DADDARIO. Mr. Speaker, the Hill-Burton Act and its provisions have been of such importance to Connecticut in coping with the need for additional hospital space in the last decade—a need that demands continuing attention—that I have received and wish to place in the RECORD at this point a sample of communications regarding this question:

HARTFORD, CONN.,
June 24, 1970.

EMILIO Q. DADDARIO:

The June 25 consideration of Hill Burton appropriation has important impact on orderly development of health care at a reasonable cost. Connecticut urgently needs more than 1000 additional hospital and long-term care beds and needs modernization of more than 11000 of the existing 28000 beds. Cutting off Hill Burton funds will set back this work.

FRANKLIN M. FOOTE, M.D.,
Commissioner of Health.

NEW HAVEN, CONN.,
June 24, 1970.

EMILIO Q. DADDARIO:

Strongly urge that you override President Nixon's veto on Hill-Burton legislation hospital in Connecticut desperately need capital dollars in order to continue to meet the growing health needs of Connecticut citizens.

BLISS B. CLARK, M.D.,
President,
Connecticut Hospital Association.

HARTFORD, CONN.,
June 24, 1970.

Hon. EMILIO Q. DADDARIO:

I read with amazement today that the President had vetoed unanimously-passed a bill for construction and modernization of medical facilities (H.R. 11102). It hardly seems possible, in face of all Government's and our efforts to improve care, to increase members of health personnel, and to modernize facilities that crippled blow would be dealt. I urge you to do all in your power to override this veto. If we fail, the consumers, not the providers will be those who will suffer most.

I. STEWART HAMILTON, MD.,
President and Executive Director Hartford Hospital and Chairman, Counsel of Teaching, Hospital Association of American Medical.

NEW HAVEN, CONN.,
June 24, 1970.

Congressman EMILIO DADDARIO:

Presidential veto of H.R. 11102 augurs disastrous short and long term effects on health services already in crisis nationwide. Urge you to take action to override veto.

Dr. F. C. REDLICH,
Dean, Yale School of Medicine, Yale University.

NEW LONDON, CONN.,
June 25, 1970.

Representative EMILIO DADDARIO:

Most urgently request you to override the President's cancellation of Hill-Burton program which has been a most successful and beneficial use of funds.

CHESTER W. KITCHINGS,
President, Lawrence and Memorial Hospital.

Mr. VANIK. Mr. Speaker, I cast my vote today to override the President's veto of H.R. 11102, the Hospital and Medical Facilities Construction and Modernization Amendments of 1970.

The last several weeks have demonstrated an appalling insensitivity by this administration to the human needs of the American people.

Less than a month ago we were asked to appropriate an additional $290 million for the development of the supersonic transport—a project which will eventually cost the taxpayer somewhere between $1.3 billion and $4 billion.

In a recent Defense procurement bill, which totaled $20 billion, we were asked to appropriate funds for the B–1 bomber—a manned bomber on which we will spend a projected $2.25 billion to build five planes.

The last several months have seen this administration ask for a several hundred million dollar contingency fund to support Lockheed Corp.—to assist in paying for some of the $3.5 billion cost overrun on the construction of the C–5A—a plane which may now have wing fatigue problems.

For the last week the administration has been asking for support for the Penn Central Railroad to keep this corporation, which has some $7 billion in corporate assets from "insolvency." The request was not in the President's budget.

In the last month we have been asked to expand the ABM program from two to eight sites at a cost of $365 million with billions more to come.

The list of proposals to support corporations, to build unproven, useless, military hardware, and subsidy research on a new plane that will be used by only a few while damaging the environment of all seems to go on and on without end.

Yet when the Congress passes an extension and improvement of the Hill-Burton Hospital Aid Act, the President objects. He vetoes it.

In vetoing this bill, the President fails to consider the mental and physical health of the rural and inner city populations of America whose only contacts with a hospital are the already understaffed and underequipped emergency wards of our overcrowded hospitals. In vetoing this bill, the President struck down the $20 million provided to begin a program of emergency ward improvement and modernization.

In vetoing this bill, the President strikes down a new loan guarantee program which would attract non-Federal funds for construction and modernization of needed health facilities—and health facilities are desperately needed.

America's hospitals are today lacking 455,000 acute and long-term beds. Each year some 31,000 hospital beds become obsolete. In all, American hospitals are in need of a capital investment of $16.5 million.

The following table highlights the disastrous hospital facilities situation facing America.

HEALTH FACILITY CAPITAL NEEDS

[In million of dollars]

Category	Total	Modernization	Additional capacity
All	16,505	10,580	5,925
General	10,195	7,220	2,975
Long-term care	3,800	2,145	1,655
Rehabilitation facilities	485	135	350
Public health centers	710	500	310
Diagnostic and treatment centers	1,315	680	635

Source: Health Facilities Planning and Construction Service, DHEW, Sept. 3, 1969.

I believe that in the world's richest Nation, each citizen should have the right to the best possible health care.

The Hill-Burton legislation which the President vetoed would go a long way toward providing better health care. It is desperately needed.

Mr. DONOHUE. Mr. Speaker, I most earnestly urge and hope that, after very careful reflection, this House will substantially vote to override the President's veto of H.R. 11102, extending for 3 years the Hill-Burton program of grants for hospital construction and modernization. The real and basic question involved in our action here in this matter is, I think, whether immediate human needs should be placed above all other needs in our determinations and allocations of the proper spending of the taxpayers' money.

Of course, I very deeply believe that the correct and prudent answer to that question is that human needs should come first before anything else and that human needs in the fundamental areas of health, medical care, and medical facilities, especially for the poor and the elderly, should be given one of the very highest priorities for Federal spending.

Mr. Speaker, since the President's veto action I have received a continuous flow of messages and personal appeals from the most reputable individual and organizational medical sources earnestly requesting that the full appropriations provided in the original bill be approved today because otherwise it will be practically impossible to give adequate health care to the general public in this country and carry forward the comprehensive health planning programs that have been effectively operating to meet the Nation's vastly expanding health needs.

Let us remember that this is in no way a bipartisan matter or issue. The original bill was passed in this House on June 4, 1969, by a recorded vote of 351 to 0. It passed in the Senate last April 7, 1970, by a recorded vote of 79 to 0.

The further conference report was approved in the Senate by a voice vote without any controversy last June 8, and on June 10, this House expressed its final approval of the bill by a recorded vote of 377 to 0. It would appear, Mr. Speaker, if there was ever a measure that was given bipartisan approval in both Chambers of the Congress then H.R. 11102 is that bill.

Mr. Speaker, all the authoritative evidence on this subject that was presented to the committee and that has been revealed here by the executive department, as well as independent expert sources, overwhelmingly demonstrates that this Nation faces a health care crisis and fail-

ure to take the comprehensive steps contained in H.R. 11102, to meet that crisis, would not only be a denial of proper medical care to untold thousands of American citizens but would also be greatly imprudent because the construction delay would mean the expenditure of vastly greater sums in the future.

In summary, Mr. Speaker, there can be no doubt that the hospital construction, modernization of medical facilities and improved medical services that would be made possible by the enactment of H.R. 11102, are urgently needed and in the national interest. It appears equally clear that this House and this Congress has the responsibility to insure that modern health and medical care is made available to the American people even and unfortunately when it is necessary to override a Presidential veto to do so.

Mr. GRIFFIN. Mr. Speaker, in the President's veto message, he expressed concern over Congress invading the Executive powers he holds under our Constitution. This is very strange because the constitutional question of whether the President can withhold funds appropriated by Congress was settled in George Washington's administration. He can refuse to spend appropriated funds.

Apparently, the real reason the President objected to the bill extending the Hill-Burton Hospital Construction Act is that he wants a guaranteed loan program rather than a grant program requiring current appropriations.

Mr. Speaker, I wish to point out some of the dangers of guaranteed loans. First, these loans are not reflected in the budget even though they are obligations of the Federal Government. Since these obligations do not show up in the current budget, the administration is trying to have its cake and eat it, too.

Guaranteed loans in HUD alone amount to nearly $50 billion. We are saddling future taxpayers with a potential debt of enormous proportions, while not having it reflect in current bookkeeping. This is hardly an honest way to do business. It amounts to fiscal irresponsibility.

The veto message mentioned the ceiling on expenditures which the Congress may enact. There are many wasteful programs in foreign aid and OEO. There are many costly and unnecessary programs such as the Nixon welfare plan. The President should sharpen his spending knife and whack away at these items, instead of penalizing the old and afflicted.

Furthermore, it is difficult for me to understand why he vetoed the hospital construction bill when he signed the day before a bill which he said was clearly unconstitutional. I refer to the measure lowering the voting age. His total inconsistency is hard to believe.

The shortage of hospital beds in Mississippi is an acute problem. All levels of government—county, State and Federal—must do their part in providing hospital care to the sick. I shall assume my responsibility in this matter by voting to override the Presidents' veto.

Mr. FULTON of Tennessee. Mr. Speaker, the decision as to whether or not to vote to override a Presidential veto is a difficult one.

However, I have no reluctance in doing so in support of H.R. 11102. The House has already approved the bill as is by a vote of 377 to 0, so it would seem to me that there is a good deal of opinion here that this is a generally fine bill.

But the President says he does not like the bill. He says it has too much money in it, some $350 million more than he requested in his budget for fiscal year 1971. However, nowhere in the veto message does the President say or allege that these additional moneys are not needed. Certainly no one would deny the high cost of hospital confinement can be attributed in part to a shortage of hospital beds and a surplus of outmoded hospital facilities, which this bill is designed to help alleviate.

And I would venture to guess that just about every Member of this body, as well as the general public, would not deny that these "excess" funds are just as important as the $950 million the administration recently was willing to underwrite to bail out the bankrupt Penn Central Railroad. While I do not deny the Penn Central had an urgent need, I do feel that it was no more important or pressing than the need for hospital construction and modernization, which this bill is designed to help meet.

In the 22 years that the Hill-Burton program had been operative through 1969, it had helped finance 413,797 inpatient beds in a total of 9,549 projects. This represented an expenditure in excess of $10 billion, with the Federal share coming to just over $3 billion.

Despite these advances the State agencies administering this program estimate that today we need an additional 85,000 acute care hospital beds, nearly 900 public health centers, 165,000 additional long-term beds, 872 outpatient facilities, and 388 rehabilitation facilities. In terms of dollars these needs amount to $5 billion while it is estimated an additional $10 billion is required for modernization for almost half a million acute and long-term care beds.

This morning I received a number of telegrams from physicians and educators in my district representing two medical schools, five hospitals and one medical care center from the State of Tennessee. They all, without exception, have urged that the House vote to override this veto. These funds are critical to the development of these institutions and new facilities not only in Nashville, Tenn., but throughout the Nation.

In his message on the economy of June 17, President Nixon said:

> Whenever a Member of the Congress displays the imagination to introduce a bill that calls for more spending, let him display the courage to introduce a bill raising the taxes to pay for that program.

Very well, Mr. Speaker, I am perfectly willing to sponsor legislation, if required, which would place a fine on every polluter of our air, water, or any other portion of our environment. Not only would this more than offset these additional moneys but it would, I am certain, reduce significantly the crowded conditions in many of our hospitals today which have been created, in part, through illness and disease caused from the pollution that threatens this Nation.

Mr. Speaker, this veto should be overridden.

Mr. STEIGER of Wisconsin. Mr. Speaker, I rise to sustain the President's veto. It is never easy to have to come to grips with an issue such as that posed by the previous veto by President Nixon on this one.

But the issue today is not Hill-Burton which I support but rather section 601 which imposes an intolerable burden on the executive branch in its efforts to stabilize the economy.

Why should only hospitals be singled out for protection? Why not any number of other important activities in HEW? I simply cannot support an effort which would make more difficult the needed job of controlling federal spending.

Thus the President has correctly urged the Congress to sustain the veto and I support this effort. To do otherwise would complicate the job of both the Congress and the President to hold spending within bounds. If we were to adopt the mandatory expenditure as proposed in section 601 other worthwhile programs will suffer.

Mr. Speaker. I am fearful of the precedent which will be established if the veto is not sustained. I am convinced Hill-Burton will be passed quickly once section 601 is deleted and I support that effort.

Mr. MIZELL. Mr. Speaker, I have reached a decision to vote to uphold the veto that President Nixon has placed on the Medical Facilities Construction and Modernization Amendments of 1970.

I made this decision only after President Nixon concluded the language of the bill would force him to spend these funds whether they were needed or not.

Because I strongly support the Hill-Burton program, I have done all I possibly could do to insure the continuance of this program without any unnecessary delays. I have today introduced legislation calling for all the provisions set forth in these amendments, except the one that explicitly forces the President to spend the entire authorization included in this bill.

Because of my belief that fiscal responsibility should be the watchword of this Congress and this Nation in a day of economic upheaval, I could not conscientiously support a measure that forbids the President to exercise his judgment in regard to the fiscal stability of this country.

I am convinced that the provision in question would prove to be a dangerous precedent in limiting—and even usurping—the President's efforts to restore a measure of sanity to our Nation.

The 91st Congress has voted to set a limit on Government spending, and I strongly supported that measure.

But then the same Congress presumptiously orders the President of the United States to spend these moneys regardless of need.

Again, I strongly support the Hill-Burton program itself, and I shall strongly support it when it reaches the appropriations stage.

But I cannot in good conscience vote to tie the hands of the President in his

efforts to restore a stability to our national economy.

Mr. WILLIAM D. FORD. Mr. Speaker, I rise in favor of the motion to override President Nixon's veto of the Medical Facilities Construction and Modernization Amendments of 1970—the extension of the Hill-Burton program for hospital construction.

It is both tragic and ironic that we should even be considering this action, in light of the fact that the bill passed both the House and the Senate by unanimous votes.

President Nixon, in his veto message, told us that this legislation would take us "down the road to fiscal irresponsibility." This argument has a familiar ring. We heard it before when the President vetoed our request for adequate levels of Federal funding for local school districts. I voted to override that veto, and I will vote the same today.

I argued during the first veto fight that we should not try to shift the burden of fighting inflation onto the shoulders of those least able to carry it.

I fully recognize the serious and severe problems that inflation is causing for the people of this Nation. But I would not agree in January to fight inflation at the expense of our children, and I will not agree now to fight inflation at the expense of the sick and injured.

I asked then, and I ask now, why does not the President try to curb inflation by reducing our inflated military budget, by reducing the outrageous subsidies that we pay to corporate farmers, by reducing our appropriations for the supersonic transport, for the space program, for the foreign aid program?

The burden of inflation has fallen especially hard on the elderly and the ill. The cost of medical and health care has risen by 17 percent in the past year, far more than the cost of any other vital service.

I contend that it would be both insensitive and foolhardy to cut back on hospital construction at such a time, and transfer a heavier burden to the sick and their families who are already so hard pressed.

In my congressional district, some 20 years ago, a group of communities banded together to form the Peoples Community Hospital Authority, and the residents voted to tax themselves to help build adequate hospital facilities. The Hill-Burton program made this possible. An $800,000 grant in 1955 helped construct the Outer Drive Hospital, in Lincoln Park, and the Annapolis Hospital, in Wayne. A $240,000 Hill-Burton grant in 1958 helped construct the Seaway Hospital, in Trenton, and a $900,000 grant in 1961 helped finance expansion of these hospitals.

The authority recently received approval of a $250,000 grant, scheduled for next spring, as part of a $1,600,000 program to build a central laundry facility and make other improvements.

The balance of the money was to come from tax assessments and from fees paid by patients using the hospitals. If we uphold President Nixon's veto, we will be asking the already hard-pressed taxpayers to dig deeper, and asking the patients to pay even higher charges for their hospitalization.

Mr. Speaker, I contend that it would be a real abdication of our constitutional responsibility to uphold this veto, and back off on our commitments, when the American people are already staggering under peak local tax loads and medical costs that are the highest in our Nation's history.

The program that President Nixon has vetoed would authorize $2.79 billion, over the next 3 years, to construct and modernize hospitals, to create public health centers, and provide badly needed outpatient facilities and rehabilitation services.

Mr. Speaker, the misery and tragedy of disease has no geographic, economic, or racial boundaries. Cancer, heart disease, diabetes, and other ailments strike equally at rich and poor, black and white, farmer and city dweller, old and young. There are few Americans who have not, or will not, need hospitalization during their lifetimes.

This Nation's resources, financial and intellectual, have and are being used to explore space, to fly faster than the speed of sound, to assist underdeveloped nations throughout the world.

Can we not apply these same resources to make certain that our own people have the necessary facilities when illness or accidents strike, and make hospital care necessary?

Mr. Speaker, this should not be and is not a partisan, political issue. The Members of this House voted 377 to 0 only a few days ago to approve the bill as written by the House and amended in conference. Not one member of either party voted against it. Why are some members of the Republican party arguing today to uphold the veto? Are they saying that they were wrong in approving the legislation in the first place? Or are they willing to admit that White House arm twisting has forced them into this about-face, and that they are voting the party line in opposing this important piece of social legislation?

Mr. EDMONDSON. Mr. Speaker, the urgent need for the legislation we are considering today is clearly and amply illustrated by the response of Oklahoma's health and medical leaders to President Nixon's veto.

Yesterday and today I have received many telegrams from medical leaders and hospitals in Oklahoma urging that I vote to override this veto, which of course, I will.

I have heard from the State commissioner of health, the Oklahoma Hospital Association, and the Oklahoma State Nurses Association. I have heard from large hospitals in Oklahoma City and Tulsa, and I have heard from smaller hospitals in county seat towns in my district. A telegram from Stilwell, Okla., was signed by the president of the hospital board, the president of the chamber of commerce, and the president of the Kiwanis Club.

Mr. Speaker, these telegrams make an eloquent case and they speak for themselves. I include a number of them for the RECORD.

OKLAHOMA CITY, OKLA., *June 24, 1970.*

Hon. ED EDMONDSON,
U.S. Representative,
House Office Building,
Washington, D.C.:

Your continued support in vote Thursday on extension of Hill Burton H.R. 11102, essential to progress in Oklahoma of construction and modernization of health facilities. These amendments to the Public Health Service Act will give great impetus to changing priorities. Oklahoma now has recognized need of $90 million for construction. First year share under provision of H.R. 11102 will be $4,222,011 for grants and $4,128,900 for guaranteed loans.

A. B. COLYAR, M.D.,
Oklahoma State Commissioner of Health.

OKLAHOMA CITY, OKLA.,
June 25, 1970.

Hon. ED EDMONDSON,
Washington, D.C.:

The President veto of Hill-Burton could not have come at a worse time for our hospital. Our preliminary building plans have been drawn based on Hill-Burton participation. Please help override the President's veto and retain superior health facilities for Oklahoma.

JOSEPH G. BRUM,
Administrator, Oklahoma General Hospital.

GLENN T. DEWBERRY,
Medical Director, Western Oklahoma TB Sanitarium.

OKLAHOMA CITY, OKLA.,
June 25, 1970.

Hon. ED EDMONDSON,
Washington D.C.:

We urge you to support HR 11102 (grant monies for hospital construction and replacement). There are still many unmet needs for hospitals and services in Oklahoma.

THE OKLAHOMA STATE NURSES ASSOCIATION,
DONNA BARLOW,
President.

STILLWELL, OKLA.,
June 25, 1970.

Hon. ED EDMONDSON,
House Office Building,
Washington, D.C.:

We are deeply distressed over the presidential veto of House Bill 11102, Hill-Burton program. The City of Stillwell is desperately in need of replacing its outdated, inadequate hospital with a new and larger facility. Your help is urgently needed. The Hill-Burton program is the only way this can be accomplished, therefore, we sincerely urge you and your colleagues in the Congress to override the presidential veto of the Hill-Burton program.

STILLWELL MUNICIPAL HOSPITAL BOARD OF TRUSTEES,
Dr. JOHN CARSON,
President.
STILLWELL CHAMBER OF COMMERCE,
BOB BAKER, *President.*
STILLWELL KIWANIS CLUB,
H. D. GOUND, *President.*

OKLAHOMA CITY, OKLA.,
June 25, 1970.

Hon. ED EDMONDSON,
Washington, D.C.:

I urge you to support the Hill-Burton program.

DAN E. TIPTON.

OKLAHOMA CITY, OKLA.,
June 25, 1970.

Representative ED EDMONDSON,
Rayburn Building,
Washington, D.C.:

We are most concerned over the President's

veto of H.R. 11102 (Hill-Burton amendment) and urge you to override the veto.

JACK W. SHRODE,
Administrator, Presbyterian Hospital.

TULSA, OKLA.,
June 25, 1970.

Congressman ED EDMONDSON,
Rayburn House Office Building,
Washington, D.C.:

Have just learned that President Nixon vetoed H.R. 11012 being a bill extending the Hill-Burton Act. Urgently request that you use every effort to override such veto since if permitted to stand it could set an unfortunate precedent for other health bills.

LLOYD J. VERRET.

OKMULGEE, OKLA.,
June 24, 1970.

Hon. ED EDMONDSON,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN EDMONDSON: Urge your support and favorable vote on the reconsideration of the Hill-Burton amendment.

Sincerely,
OKMULGEE MEMORIAL HOSPITAL,
B. JOE GUNN,
Administrator.

TAHLEQUAH, OKLA.,
June 25, 1970.

ED EDMONDSON,
Washington, D.C.:

Please override the President's veto on House Bill No. H.R. 11102.

CORENA KESSELRING.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I rise to announce my opposition to the motion to override the Presidential veto of the Hospital and Medical Facilities Construction and Modernization Amendments of 1970.

I yield to no one in the Congress when it comes to support and encouragement for the continued growth and improvement in the quality of medical care in the Nation's hospitals. I consider the Hill-Burton program extremely important and valuable and I would certainly oppose any effort to weaken the program. We must recognize, however, that a strong, stable, economy is essential if we are to meet the growing need for outstanding medical care.

The rapidly rising cost of health care is to be deplored. If we are to be successful in reducing the rate of increase we are going to have to bring the present inflationary trend under control. We can only do so if the President has sufficient flexibility in his economic policies to meet the changing conditions in the economy.

At any given time there are billions of dollars in Federal spending authority already in the pipeline. These funds are held for pending projects for which contracts have not been awarded or grants not approved. To require the President to spend all of these funds in a specified time period would set a dangerous precedent and severely restrict the use of Federal outlays for the benefit of the economy.

If this requirement stands it is not too difficult to foresee a last-minute allocation of funds with the result that valuable health-care dollars would be spent hastily and in a wasteful manner. We need to spend vast amounts to upgrade health care but we must be sure we spend wisely. The taxpayer expects his representatives to make certain his tax dollars are spent prudently and he receives full value for them. I, for one, intend to work toward that goal.

The issue at hand is not one of health care. The authorization bill is not an appropriations bill so the funding of any pending or future application will not be affected. If the veto is upheld today a new authorization will be before this body next week in the same form except for the provision requiring the President to expend all the funds within a certain time span.

The issue we are facing and must face up to is the issue of our commitment to a strong economy. Unless we can stabilize our economic situation we will never be able to reach our goal of outstanding medical care for all Americans.

I do want to make clear that I am very disturbed by the fact that the President gave the Congress no indication of his objections to the bill until his veto message. I have been advocating for a long time an increased degree of consultation between the executive and the legislative branches of our Government in the formulation of policy. I shall continue to press for more frequent and more effective communication between the White House and Capitol Hill. Unless we can improve our communication we are going to continue to have less than satisfactory relationships between the branches of Government. This will be extremely harmful to our efforts to enhance the quality of life at home and abroad.

Mr. JACOBS. Mr. Speaker, the following is a clarification of President Nixon's message on the veto of the Hill-Burton authorization.

President Nixon's Hill-Burton veto message:

Let no one interpret this veto as in any way lowering the high priority that this administration has placed on the very important field of health. Health outlays for 1971 will be almost 28 percent higher than in 1969.

The administration in its 1971 budget refers to medicare-medicaid outlays as "relatively uncontrollable." In order to gage an administration's commitment to health one must examine the increase in the controllable portion of health outlays. The nonmedicare-medicated portion of these 1971 health outlays represent a 10-percent increase over 1969, not a 28-percent increase. A goodly portion of this 10-percent increase is being taken by pay increases and inflation.

President Nixon's Hill-Burton veto message:

We have proposed a new program concept of family health insurance which will benefit more than four million poor families as a part of the Family Assistance Program.

The administration has forwarded to the Congress no such plan and won't until at least next year.

President Nixon's Hill-Burton veto message:

We have proposed substantial increases in high priority areas of bio-medical research: such as heart and cancer.

Research grants for the National Cancer Institute in the 1971 budget request are 3.5 percent lower than in 1969. During this same time period the number of post doctoral fellowships awarded in cancer research have been cut by 24 percent, the number of career development fellowships awarded have been cut by 26 percent.

President Nixon's Hill-Burton veto message:

We have proposed significant expansion of programs to alleviate major national problems of alcholism and drug abuse.

Dr. Stanley F. Yolles was fired as Director of the National Institute of Mental Health for speaking out on these major national problems of alcoholism and drug abuse. Dr. Yolles who had been Director of the National Institute of Mental Health for 6 years has accused the administration of "substitution of rhetoric for monetary support in federal drug abuse and alcohol control programs."

President Nixon's Hill-Burton veto message:

We have proposed expansion of family planning programs which provide counseling and assistance to millions of women who want but cannot afford such services.

While the 1971 budget request for family planning activities does represent an increase, the amount requested for this effort is substantially less than the administration's request for the Pentagon public relations effort. The use of the term "millions of women" is perhaps a bit expansive—according to the official budget request, 1.5 million women will receive family planning services. This figure is the result of State and Federal efforts.

President Nixon's Hill-Burton veto message:

We have proposed major increases in funds to curb air pollution.

The President has requested an increase in funding for air pollution control, yet the entire Clean Air Act funding for 1971 is exceeded by the supersonic transport request by over 2½ times.

The President had a chance to do something about air pollution last year when a Federal grand jury in Los Angeles found cause to believe that the three major automobile companies had conspired to suppress research on an effective antipollution device for auto exhaust systems. The administration asked for and received a consent decree rather than a public trial.

Mr. RANDALL. Mr. Speaker, I have on several other occasions observed that, although our President is of a political persuasion differing from mine, he is still my President and the only President any of us have. I will support him on matters of foreign policy. I will support him on domestic matters when I think he is right. But in the matter of H.R. 11102, to extend medical and hospital benefits under the Hill-Burton Act, I

cannot vote to sustain his veto. I disagree when he calls the Congress "irresponsible." It must be noted that this bill was subject to four separate votes in the Congress—when it passed the House and then the Senate, and when the Conference Report was agreed to in the two Houses. Three of these votes were on rollcalls and not one single vote was cast against the bill. If passing this bill and sending it to the White House was possessed of any element of irresponsibility at any stage of its consideration that irresponsibility would have been revealed somewhere along the line in the form of at least some protesting or negative votes.

The Hill-Burton Act extension was an enactment by the House and Senate that reflected a very rare quality seldom found in a congressional action: It has always been bipartisan. It has always been a bill for the good of all the people.

It has been said that only the very rich and the very poor can afford to be sick. The very rich may still be able to afford the high costs of medical attention. Medical attention has been available to the very poor through some of the $40-odd billion we spend each year on various kinds of Federal assistance programs. But the great mass of middle-income Americans have had to face their medical crises with their own resources until such time as these resources disappeared, at such time they become eligible for some of the funds we have made available to the poorer people of this Nation. This bill will help the middle-income Americans and our poorer Americans.

At the annual meeting of the American Medical Association, a day or two before the President's veto of this bill, it was said that the Nation is facing a serious shortage of doctors and other trained medical personnel. The Association of American Medical Colleges reported that 61 of the Nation's 107 medical schools have been totally dependent upon special Federal grants to meet emergency situations of financial distress. The emergencies will continue to grow. If Federal aid for medical purposes is not kept at a level sufficient to meet minimum needs then the already acute shortage of funds for hospital operating costs, medical research, personnel training grants and construction money for hospital and medical facilities will reach truly emergency proportion. When this happens, it will not be just the very poor, or the very rich or only the great mass of people between the two extremes who will suffer. In truth and in fact everybody will suffer. Conversely, if we pass this bill over the ill-considered objections of the President, then we will have passed a bill for the benefit of all Americans.

The bill vetoed by the President actually funds the Hill-Burton programs at the 1963 level when the inflationary increment is taken into account. In light of increased population since 1963, the vetoed bill is worse than inadequate.

One of the President's supporters said on this floor yesterday, and I quote from the CONGRESSIONAL RECORD, June 24, 1970, page 21289:

> I do not blame the President for refusing to accept this illegal legislation.

Let me refer once again now to the fact that not a single negative vote was cast on this measure in two rollcalls in the House or in the one record vote in the other body. How, then, can this bill be illegal today when it seemed to be unanimously legal on June 4, 1969, when the House passed the original bill by 351 yeas with no dissenting votes, and then again on June 10, 1970, when the conference report was agreed to 377 to 0?

A year ago the President told the Nation of "our massive crises" in medical care. In his veto message on H.R. 11102, he said "the Nation's health must take rank among all the competing priorities." I agree with the President in both of his statements. In fact I agree with what our President says so much that I will vote to override his veto. I intend to be certain that what he urges and advocates for our Nation's health to be accorded the highest priority may be carried into reality notwithstanding the ill-advised veto.

Mr. BIAGGI. Mr. Speaker, I supported the efforts of this body today to override the President's veto of the Hospital and Medical Facilities Construction and Modernization Amendments of 1970 for several reasons. The President's arguments that the bill was inflationary and unnecessary are, in my judgment, totally unfounded.

This program, popularly called the Hill-Burton program, has been responsible for providing medical care facilities in areas where no such facilities were prevously available. In a great many other areas, old and outdated hospitals and medical centers have been competely refurbished.

The conference report which was approved unanimously by this body just 2 weeks ago combined the best of the House and Senate versions of the original measure. As a result of this legislation, both public and private health care delivery systems will receive the much needed Federal aid in the form of direct grants and loans guaranteed without interest subsidies.

The agreement of the conferees to the House provision for a 3, instead of a 5-year, extension was noteworthy. It is essential that Congress maintain the proper overview of this vital program. Three years allows sufficient flexibility to correct any deficiencies along the way.

Along these lines, the acceptance of the Senate amendment which provides for a portion of the appropriations to be spent on program evaluation was an important provision of the bill. This will provide Congress with the necessary information to make complete and accurate analysis of all aspects of the Hill-Burton program 3 years from now.

I would also like to make one further point that is of special interest to me. I have long advocated special programs relating to the serious drug problems facing our Nation. A provision of this bill would provide for an annual report to Congress concerning current information on the health consequences of marihuana with recommendations for legislative and administrative actions. The major problem this body has faced in dealing with drug control legislation is a lack of adequate information. This amendment will help solve that problem.

With all these essential programs involved, it is hard to understand why the President could have vetoed such an important and worthwhile measure. The tremendous need for adequate medical care facilities for the sick and elderly of our country makes the enactment of this measure necessary.

The fact that the conference report was unanimously adopted by the people's Representatives in the House apparently did not influence the President's decision to veto this bill. It appears that perhaps the rumors warning us of the President's increasing isolation from the people are true. The logic of his action, economically, socially, and morally appears to escape me and I am sure the other Members of this House who voted to override his veto in the interest of the health of our citizens feel the same as I do.

I will continue to vote in favor of sensible legislation appropriating funds for improved medical care facilities and increased medical benefits for all Americans who are in need of such services. Until we develop a health care delivery system that will meet the requirements of all those in need of care, I will continue to support financial assistance for improving medical facilities at all government levels. When it comes to the health and well-being of our citizens, I find it extremely difficult to understand why the President should worry about spending for much needed health facilities especially in the face of a $200 billion plus Federal budget. We should not accept an anti-inflationary justification for action that may ultimately result in the loss of lives.

That is why, Mr. Speaker, I am pleased to have voted along with the great majority of my colleagues to override President Nixon's unconscionable veto of this vital hospital facilities construction legislation.

Mr. STAGGERS. Mr. Speaker, I yield the remaining time to the distinguished Speaker of the House of Representatives, the gentleman from Massachusetts (Mr. MCCORMACK).

Mr. McCORMACK. Mr. Speaker, the gentleman from Illinois (Mr. ANDERSON) made an observation that I know I am in complete agreement with, when he said that this is not a partisan matter.

Certainly, the health of the people of our country should not be a partisan matter because all human beings in the journey of life sometimes get sick and require hospitalization. They go into the hospital with the hope that they will recover in whole or in part.

So I strongly stress the fact that this is not a partisan matter.

My dear friend, the gentleman from Michigan, the minority leader, and I

am sorry I will not be here next year, when he will continue as minority leader—I admire and respect him very much—he is a dear friend of mine—the gentleman from Michigan said that a vote today sustaining the veto is a reaffirmation of the bill that was passed by the House.

That, in my opinion, does not convey the whole story, because after the bill passed the House, the Senate amended it and the bill went to conference. The conferees brought back their report, and what we shall vote on today is the very bill in that conference report. So our vote will determine whether or not we will reaffirm the vote on the conference report, as I see it, and not on the bill as it passed the House.

In connection with health, there seems to be some great evil in the minds of a few—I withdraw the word "evil," for that is not correct and it would be wrong to use that word. I always like to be fair, even when I have strong views. But in the minds of some there seems to be a sinister connotation when the word "mandatory" is used in connection with a bill of the kind we are discussing.

Might I call the attention of my colleagues to the fact that we have passed mandatory provisions before. This is nothing new. We passed mandatory provisions in the field of education and they are on the statute books now. While I have the greatest respect for the importance of education, though not for the small percentage of those engaged in campus disorders, I believe that health is of even greater importance than education, and that is a matter of major importance. So if it is all right to provide mandatory provisions in the field of education, certainly it is all right, in this limited amount, to carry the mandatory provisions into the field of health—the building of hospitals, providing for the elderly, and all the other categories that are covered by the Hill-Burton Act.

I come back to my previous statement agreeing with my dear friend from Illinois that this is not a partisan question. Certainly an issue is involved. To me it seems to be whether we are going to vote for dollar values today or for human values, and that has been the time-honored fight that I have carried on during the 42 years that I have been a Member of the Congress of the United States. Only a few weeks ago the conference report was before the House and a rollcall was asked for; 377 Members, Democrats and Republicans, voted for the conference report. My friends on the Republican side voted for the report that is before us today.

I wonder if my dear friend from Michigan and my dear friend from Illinois were consulted by the President before the fact? I am not criticizing the President. I would never do that. I might disagree, but I will never impugn the motives not only of the President but any of my colleagues. I can disagree without impugning. But I know if a Democratic President were considering this bill and he asked the Democratic Leadership to come down to discuss it with him, I would holler vigorously and oppose vigorously any proposed veto of such a meritorious bill. And, without knowing the facts, I have every confidence, by inference, that if the gentleman from Michigan and the gentleman from Illinois were called down to the White House, they would have urged President Nixon not to veto this bill.

The SPEAKER. The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be determined by the yeas and nays.

The question was taken; and there were—yeas 279, nays 98, answered "present" 2, not voting 50, as follows:

[Roll No. 188]

YEAS—279

Abbitt	Evins, Tenn.	Macdonald, Mass.
Abernethy	Fallon	Madden
Adams	Fascell	Mahon
Addabbo	Feighan	Mailliard
Albert	Flood	Martin
Anderson, Calif.	Flynt	Mathias
Andrews, Ala.	Foley	Matsunaga
Annunzio	Ford, William D.	Meeds
Ashbrook	Fountain	Melcher
Ashley	Fraser	Mikva
Aspinall	Friedel	Miller, Calif.
Baring	Fulton, Pa.	Miller, Ohio
Barrett	Fulton, Tenn.	Mills
Beall, Md.	Fuqua	Minish
Bennett	Galifianakis	Mink
Bevill	Gallagher	Minshall
Biaggi	Garmatz	Mize
Biester	Gettys	Monagan
Bingham	Gibbons	Moorhead
Blanton	Goldwater	Morgan
Blatnik	Gonzalez	Mosher
Boggs	Gray	Moss
Boland	Green, Oreg.	Murphy, Ill.
Bolling	Green, Pa.	Murphy, N.Y.
Brademas	Griffin	Myers
Brasco	Griffiths	Natcher
Brinkley	Gross	Nedzi
Brooks	Gubser	Nichols
Broomfield	Gude	Nix
Brotzman	Hagan	Obey
Brown, Calif.	Haley	O'Hara
Brown, Mich.	Halpern	O'Konski
Broyhill, N.C.	Hammer-schmidt	Olsen
Buchanan	Hanley	O'Neal, Ga.
Burke, Mass.	Hanna	O'Neill, Mass.
Burleson, Tex.	Hansen, Wash.	Ottinger
Burlison, Mo.	Harrington	Passman
Burton, Calif.	Hathaway	Patman
Button	Hays	Patten
Byrne, Pa.	Hébert	Pelly
Cabell	Hechler, W. Va.	Perkins
Casey	Helstoski	Pettis
Celler	Henderson	Philbin
Chamberlain	Hicks	Pickle
Chappell	Hogan	Pike
Chisholm	Holifield	Pirnie
Clark	Horton	Poage
Clausen, Don H.	Howard	Podell
Clawson, Del	Hull	Preyer, N.C.
Clay	Hungate	Price, Ill.
Cleveland	Hunt	Pryor, Ark.
Cohelan	Ichord	Pucinski
Conable	Jacobs	Purcell
Conte	Johnson, Calif.	Randall
Conyers	Jones, Ala.	Rarick
Corbett	Jones, N.C.	Rees
Corman	Jones, Tenn.	Reid, N.Y.
Cowger	Karth	Reuss
Culver	Kastenmeier	Rivers
Daniel, Va.	Kazen	Roberts
Davis, Ga.	Kee	Rodino
Delaney	King	Roe
Dellenback	Kluczynski	Rogers, Colo.
Diggs	Koch	Rogers, Fla.
Dingell	Kyros	Rooney, N.Y.
Donohue	Landrum	Rooney, Pa.
Dorn	Latta	Rosenthal
Dowdy	Leggett	Rostenkowski
Downing	Lennon	Roth
Dulski	Long, La.	Roudebush
Duncan	Lowenstein	Roybal
Dwyer	McCarthy	Ruth
Eckhardt	McCulloch	Ryan
Edmondson	McDade	St Germain
Edwards, Calif.	McDonald, Mich.	Sandman
Edwards, La.	McFall	Satterfield
Eilberg	McMillan	Saylor
Evans, Colo.		Schadeberg
Scheuer	Stubblefield	Scherle
Sebelius	Stuckey	Watts
Shipley	Sullivan	Weicker
Shriver	Symington	Whalen
Sikes	Talcott	White
Sisk	Taylor	Whitehurst
Skubitz	Thompson, N.J.	Whitten
Slack	Tunney	Winn
Smith, Calif.	Udall	Wold
Snyder	Ullman	Wolff
Staggers	Van Deerlin	Wright
Steed	Vanik	Wyman
Stephens	Vigorito	Yates
Stokes	Waggonner	Yatron
Stratton	Waldie	Young
		Zablocki

NAYS—98

Anderson, Ill.	Findley	Morton
Andrews, N. Dak.	Fish	Nelsen
Arends	Fisher	Poff
Belcher	Ford, Gerald R.	Quie
Bell, Calif.	Foreman	Quillen
Berry	Frelinghuysen	Reid, Ill.
Betts	Goodling	Reifel
Blackburn	Grover	Rhodes
Bray	Harsha	Ruppe
Brock	Harvey	Schneebeli
Brown, Ohio	Heckler, Mass.	Schwengel
Broyhill, Va.	Hosmer	Scott
Burke, Fla.	Hutchinson	Smith, N.Y.
Burton, Utah	Johnson, Pa.	Springer
Byrnes, Wis.	Jonas	Stafford
Camp	Kleppe	Stanton
Carter	Landgrebe	Steiger, Ariz.
Cederberg	Langen	Steiger, Wis.
Collier	Lloyd	Taft
Collins	Lujan	Teague, Calif.
Colmer	Lukens	Thompson, Ga.
Coughlin	McClory	Thomson, Wis.
Crane	McCloskey	Vander Jagt
Cunningham	McClure	Wampler
Davis, Wis.	McEwen	Whalley
Denney	McKneally	Widnall
Dennis	MacGregor	Williams
Derwinski	Marsh	Wilson, Bob
Devine	May	Wyatt
Dickinson	Mayne	Wydler
Edwards, Ala.	Michel	Wylie
Eshleman	Mizell	Zion
	Morse	Zwach

ANSWERED "PRESENT"—2

Kuykendall Kyl

NOT VOTING—50

Adair	Farbstein	Montgomery
Alexander	Flowers	Pepper
Anderson, Tenn.	Frey	Pollock
Ayres	Gaydos	Powell
Bow	Giaimo	Price, Tex.
Bush	Gilbert	Railsback
Caffery	Hall	Riegle
Carey	Hamilton	Robison
Clancy	Hansen, Idaho	Smith, Iowa
Cramer	Hastings	Teague, Tex.
Daddario	Hawkins	Tiernan
Daniels, N.J.	Jarman	Watkins
Dawson	Keith	Watson
de la Garza	Kirwan	Wiggins
Dent	Long, Md.	Wilson, Charles H.
Erlenborn	Mann	
Esch	Meskill	
	Mollohan	

So, two-thirds having voted in favor thereof, the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

On this vote:

Mr. Kyl and Mr. Pollock for, with Mr. Bush against.

Mr. Kuykendall and Mr. Smith of Iowa for, with Mr. Bow against.

Mr. Flowers and Mr. Caffery for, with Mr. Cramer against.

Mr. Riegle and Mr. Tiernan for, with Mr. Long of Maryland against.

Mr. Pepper and Mr. de la Garza for, with Mr. Price of Texas against.

Until further notice:

Mr. Daddario with Mr. Meskill.

Mr. Carey with Mr. Hastings.

Mr. Mann with Mr. Hall.

Mr. Daniels of New Jersey with Mr. Robison.

Mr. Alexander with Mr. Adair.

Mr. Dent with Mr. Watkins.
Mr. Gaydos with Mr. Railsback.
Mr. Teague of Texas with Mr. Clancy.
Mr. Gilbert with Mr. Wiggins.
Mr. Giaimo with Mr. Ayres.
Mr. Montgomery with Mr. Watson.
Mr. Charles H. Wilson with Mr. Esch.
Mr. Anderson of Tennessee with Mr. Hansen of Idaho.
Mr. Jarman with Mr. Frey.
Mr. Mollohan with Mr. Erlenborn.
Mr. Hamilton with Mr. Keith.
Mr. Farbstein with Mr. Hawkins.
Mr. Kirwan with Mr. Powell.

Mr. KYL. Mr. Speaker, I have a live pair with the gentleman from Texas (Mr. BUSH). If he were present, he would vote "nay." I voted "yea." I therefore, withdraw my vote and vote "present."

Mr. KUYKENDALL. Mr. Speaker, I have a live pair with the gentleman from Ohio (Mr. Bow). If he were present, he would vote "nay." I voted "yea." I, therefore, withdraw my vote and vote "present."

Mr. BUCHANAN changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

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

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks after the vote just taken, and also to include extraneous material.

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

There was no objection.

THE PRESIDENTIAL VETO—PERSONAL ANNOUNCEMENT

Mr. PEPPER. Mr. Speaker, the able gentleman from California, the Honorable CHARLES E. WIGGINS, and I were in New York this morning where hearings of the House Select Committee on Crime began on the subject of drug traffic and organized crime's involvement in it. To be able to get to the House so as to vote on the bill extending Federal aid for hospital construction—the Hill-Burton Act—vetoed by the President, we adjourned the hearing at 11:30 a.m. and would have been here in ample time to vote had not our plane sat on the runway at LaGuardia Airport for 45 minutes. That delay prevented us reaching the floor of the House until 7 minutes after completion of the vote on the veto message.

Had I been present I would have voted to override the President's veto and to pass this most meritorious bill.

I was one of the sponsors of this bill in the Senate when it was first enacted. Its enactment was first recommended by the Senate Committee on Wartime Health and Education of which I was chairman and Senator Hill was a member of my Wartime Health and Education Committee.

I think this measure has immeasurably contributed to the health and happiness of countless numbers of people of this country and immensely helped to further the well-being of our Nation. I am glad to see the House by an almost 3-to-1 vote adhere to its previous position reporting this bill notwithstanding the veto of the President.

I did have a live pair in case I did not get back in time for the vote so that my vote counted in overriding the veto as if I had been here and voted.

Mr. Speaker, I ask that this statement appear in the body of the RECORD immediately following the vote on the veto message.

SECOND SUPPLEMENTAL APPROPRIATIONS, 1970

Mr. MAHON. Mr. Speaker, I call up the conference report on the bill (H.R. 17399) making supplemental appropriations for the fiscal year ending June 30, 1970, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 24, 1970.)

The SPEAKER pro tempore (Mr. HOLIFIELD). The gentleman from Texas (Mr. MAHON) is recognized.

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

SUMMARY OF THE AMOUNTS INVOLVED

Mr. Speaker, this is the conference report on the second supplemental appropriation bill which passed the House on May 7. As it now stands, the bill contains about $6 billion in new budget obligational authority. The largest single item in the bill relates to statutory pay increases for military and civilian personnel—about $4.3 billion. There are other items included, but pay costs are the single largest item of cost.

The budget estimates which were submitted to the House in connection with the bill total $5.9 billion.

The budget estimates considered by the Senate total nearly $6.6 billion. Some $662 million in the budget estimates were not considered by the House; they were sent by the executive directly to the Senate after the bill passed the House.

The House-passed bill provided $5.7 billion, plus.

The Senate approved $6.7 billion. The Senate bill exceeds the House bill by $938 million.

I include a summary of the totals:

Summary of conference report on second supplemental bill, 1970 new budget (obligational) authority

Budget estimates to the House	$5,918,073,131
Budget estimates to the Senate	6,580,171,902
Estimates not considered by House	+662,098,771
Passed House	5,764,115,791
Passed Senate	6,702,375,083
Senate over House	+938,259,292
Conference action (that is, excluding the two amendments in disagreement)	6,021,535,005
Conference action compared to—	
Budget estimates (cut includes $275 million for military credit sales and $150 million for emergency school assistance)	−558,636,897
House bill	+257,419,214
Senate bill (cut reflects omission of $8.8 million on National Science Foundation, Amendment No. 13, and $587.5 million in amendment No. 16 for urban renewal programs)	−680,840,078

Mr. Speaker, these are the summary figures on new budget—obligational—authority—or, in other words, new appropriations. There are many transfers, and some additional contracting authorities for housing programs that are not added into these totals but which are in some respects significant. I include a more detailed itemization of the figures:

SUMMARY STATEMENT OF CONFERENCE ACTION—SECOND SUPPLEMENTAL APPROPRIATION BILL, 1970 (H.R. 17399)

Chapter No.	Department or activity	Budget estimate	House bill	Senate bill	Conference action	Conference action compared with—Budget estimate	Conference action compared with—House bill	Conference action compared with—Senate bill
	TITLE I—GENERAL SUPPLEMENTALS							
I	Agriculture:							
	Temporary appropriation—1971			($300,000,000)	($300,000,000)	(+$300,000,000)	(+$300,000,000)	
	By transfer	($597,000)	($597,000)	(425,000)	(425,000)	(−172,000)	(−172,000)	
II	Defense:							
	New budget (obligational) authority	99,000,000	99,000,000	99,000,000	99,000,000			
III	District of Columbia:							
	Federal funds: New budget (obligational) authority	7,124,000	1,293,000	7,124,000	5,290,000	−1,834,000	+3,997,000	−$1,834,000
	District of Columbia Funds	(21,466,000)	(4,078,475)	(14,889,910)	(12,335,910)	(−9,130,090)	(+8,257,435)	(−2,554,000)
IV	Foreign Assistance:							
	New budget (obligational) authority	480,880,000	205,880,000	205,880,000	205,880,000	−275,000,000		
	Increase in limitation	(349,000)				(−349,000)		

Footnotes at end of table.

Chapter No.	Department or activity	Budget estimate	House bill	Senate bill	Conference action	Conference action compared with— Budget estimate	House bill	Senate bill
V	Independent offices—Housing and Urban Development:							
	New budget (obligational) authority:							
	1969	$13,616,000	$13,616,000	$13,616,000	$13,616,000			
	1970	984,198,600	797,110,000	1,552,330,600	[2] 955,547,600	$−28,651,000	+$158,437,600	−$596,783,000
	Total	997,814,600	810,726,000	1,565,946,600	969,163,600	−28,651,000	+158,437,600	−596,783,000
	New annual contract authorizations, increase in limitations	(55,500,000)	(75,000,000)	(75,000,000)	(75,000,000)	(+19,500,000)		
VI	Interior: New budget (obligational) authority	56,015,000	55,715,000	56,037,000	56,037,000	+22,000	+322,000	
VII	Labor-Health, Education, and Welfare:							
	New budget (obligational) authority	406,980,000	204,597,000	315,630,078	256,927,000	−150,053,000	+52,330,000	−58,703,078
	By transfer	(43,000)	(43,000)	(43,000)	(43,000)			
	Limitation (trust fund—Administrative expenses)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)			
VIII	Legislative branch:							
	New budget (obligational) authority	1,131,555	731,555	731,555	731,555	−400,000		
	By transfer			(345,000)	(345,000)	(+345,000)	(+345,000)	
IX	Public works:							
	By transfer	(6,563,000)	(6,563,000)	(6,563,000)	(6,563,000)			
X	State, Justice, Commerce, and Judiciary:							
	New budget (obligational) authority:							
	1969	300,000	300,000	300,000	300,000			
	1970	28,776,500	21,330,000	22,825,000	22,825,000	−5,951,500	+1,495,000	
	Total	29,076,500	21,630,000	23,125,000	23,125,000	−5,951,500	+1,495,000	
XI	Transportation:							
	New budget (obligational) authority	84,189,000	84,189,000	83,939,000	83,939,000	−250,000	−250,000	
XII	Treasury-Post Office:							
	New budget (obligational) authority	15,703,000	14,033,000	15,567,000	15,567,000	−136,000	−1,534,000	
XIII	Claims and judgments:							
	New budget (obligational) authority	23,478,461	6,591,406	23,478,461	23,478,461		+16,887,055	
	Total Title I:							
	New budget (obligational) authority:							
	1969	13,916,000	13,916,000	13,916,000	13,916,000			
	1970	2,187,476,116	1,490,469,961	2,382,542,694	[2] 1,725,222,616	−462,253,500	+234,752,655	− 657,320,078
	Total	2,201,392,116	1,504,385,961	2,396,458,694	[2] 1,739,138,616	−462,253,500	+234,752,655	−657,320,078
	By transfer	(7,203,000)	(7,203,000)	(7,376,000)	(7,376,000)	(+173,000)	(+173,000)	
	Limitation increases (administrative expenses)	(10,349,000)	(10,000,000)	(10,000,000)	(10,000,000)	(−349,000)		
	New annual contract authorization, increase in limitations	(55,500,000)	(75,000,000)	(75,000,000)	(75,000,000)	(+19,500,000)		
	Temporary appropriation, 1971			(300,000,000)	(300,000,000)	(+300,000,000)	(+300,000,000)	
	TITLE II							
	Increased pay costs:							
	New budget (obligational) authority	3,028,779,786	2,909,729,830	2,955,916,389	2,932,396,389	−96,383,397	+22,666,559	−23,520,000
	By transfer	(42,263,000)	(42,181,900)	(42,223,900)	(42,223,900)	(−39,100)	(+42,000)	
	Limitations on administrative and non-administrative expenses	(37,927,000)	(36,225,700)	(36,280,700)	(36,280,700)	(−1,646,300)	(+55,000)	
	TITLE III							
	Increased pay costs—Federal Employees Salary Act of 1970 (indefinite)	[1] 1,350,000,000	[1] 1,350,000,000	[1] 1,350,000,000	[1] 1,350,000,000			
	Recapitulation: Grand total, titles I, II, and III:							
	New budget (obligational) authority:							
	1969	13,916,000	13,916,000	13,916,000	13,916,000			
	1970 definite	5,216,255,902	4,400,199,791	5,338,459,083	[2] 4,657,619,005	−558,636,897	+257,419,214	−680,840,078
	1970 indefinite	[1] 1,350,000,000	[1] 1,350,000,000	[1] 1,350,000,000	[1] 1,350,000,000			
	Total	6,580,171,902	5,764,115,791	6,702,375,083	[2] 6,021,535,005	−558,636,897	+257,419,214	−680,840,078
	By transfer	(49,466,000)	(49,384,900)	(49,599,900)	(49,599,900)	(+133,900)	(+215,000)	
	Limitations on administrative and non-administrative expenses	(48,276,000)	(46,225,700)	(46,280,700)	(46,280,700)	(−1,995,300)	(+55,000)	
	New annual contract authorizations, increase in limitations	(55,500,000)	(75,000,000)	(75,000,000)	(75,000,000)	(+19,500,000)		
	Temporary appropriation—1971			(300,000,000)	(300,000,000)	(+300,000,000)	(+300,000,000)	

[1] Estimate of cost for the 6 months the 6 percent retroactive pay bill would be in effect during fiscal 1970. Under the bill language, transfers of certain unobligated balances are authorized to help meet the added costs, and some absorptions otherwise are probable. Thus, the aggregate additional appropriation under this provision may actually be less than $1,350,000,000. Note.—In terms of the February budget aggregates for 1970, the net additional amount is $1,175,000,000, after taking account of the $175,000,000 allowances in the February budget total related to a postal pay raise.

[2] Senate amendments, No. 13 to provide $8.8 million for the National Science Foundation and No. 16 to provide $587.5 million for Urban Renewal Programs, are reported in disagreement and are, therefore, excluded from the conference action totals.

AMENDMENTS IN DISAGREEMENT

The main controversy in this bill concerns the sum of $587.5 million for additional funds for urban renewal added on the floor of the other body. It is unbudgeted. When we reach that amendment following the adoption of the conference report itself, I would assume that there will be some discussion, and I will at that time discuss in some detail the additional sum added by the Senate and opposed by the House, and which is brought back in disagreement by the House. It is amendment No. 16.

Amendment No. 13, concerning the National Science Foundation, is also in disagreement.

If Members want to have a thumbnail statement as to just what is involved in the amendment concerning urban renewal, which will be discussed after adoption of the conference report, copies of the amendment and a statement as to the facts are here on the committee table

Mr. Speaker, I now yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Speaker, the conference report was signed by all representatives of the House after a full and extensive conference. I support the conference report and urge its adoption.

We will discuss the items in controversy when we get to the motions of the gentleman from Texas.

Mr. MAHON. Mr. Speaker, I thank the gentleman from North Carolina.

Mr. Speaker, I yield to the gentleman from New York (Mr. RYAN).

Mr. RYAN. Mr. Speaker, I am especially concerned about two amendments. No. 16, which I understand will be the subject of discussion when we reach the amendments which are in disagreement, relates to urban renewal. I urge the House to recede and concur in the Senate amendment No. 16 which will provide an additional $587.5 million to fully fund the urban renewal program.

FUNDS FOR SUMMER JOBS FOR YOUTH

I am also concerned about amendment No. 21, which is not in disagreement and which would appropriate $50 million for manpower development and training activities. This is 50 percent of the amount proposed by the Senate, which was $100 million. This is intended for the Neighborhood Youth Corps summer program.

That is a summer program which is of dire importance to our major urban areas, where teenagers without this program simply have no opportunity for any gainful employment during the summer. Thousands of young men and women will be forced to spend the summer in idleness without the wages needed to sustain themselves and their families.

The $100 million which the Senate included in this bill would have provided, I believe, 227,000 slots for jobs in the summertime, which means that this bill, at the rate of $50 million, would provide approximately half of that, or 114,000 slots.

Teenage unemployment is disastrous—twice that of adult unemployment. In the black communities teenage unemployment stood at the rate of 32.7 percent in April. Young men and women must have the chance to help themselves.

I do want to express my disappointment that the House conferees did not accept the full amount which the Senate had proposed. In fact, I previously introduced H.R. 18068 to provide $100 million additional for the Neighborhood Youth Corps.

Mr. MAHON. The gentleman refers to amendment No. 21. The other body added $50 million above the President's request for summer jobs for youths. The administration advised that probably $50 million could be used for summer jobs, and sent up a budget request for the $50 million.

What the conferees did was to agree to the $50 million budget request made by the President. At this period of the year, in view of the delay in the passage of this bill, it seemed to the conferees that perhaps not even $50 million can be used. Nevertheless, we did provide the total budget estimate of $50 million.

Mr. RYAN. Let me assure the chairman that the $50 million can and will be used. As a matter of fact, we could use the total amount in the city of New York right now.

CIVIL SERVICE RETIREMENT SUPPLEMENTED

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

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

Mr. GROSS. Do I correctly understand that the administration's supplemental budget figure was $5.9 billion?

Mr. MAHON. The House considered budget estimates involving $5.9 billion. Additional budget estimates were sent directly to the Senate after the House acted. So, budget requests considered in this bill total nearly $6.6 billion.

Mr. GROSS. And was the amount, whatever it was, for the Civil Service Commission included in that figure?

Mr. MAHON. The amount for the Civil Service Commission, to strengthen the retirement fund, was not before the House, but it was added in the other body based upon a budget estimate. The total amount involved is about $157 million.

Mr. GROSS. $157 million?

Mr. MAHON. Yes; as authorized by recently enacted legislation.

Mr. GROSS. And that was a budget figure, again, from the administration?

Mr. MAHON. Yes.

Mr. GROSS. This bill is how much above the House figure?

Mr. MAHON. The Senate bill is above the House figure by $938 million, but I must say that the other body considered $662 million of estimates which were not before the House.

URBAN RENEWAL ADDITION BY SENATE

Mr. GROSS. The $587 million for urban renewal which is in disagreement is not a part of the figure the gentleman just gave, or is it?

Mr. MAHON. The gentleman is correct; it is not in the budget requests because it was not requested. It is not in the conference total, of course. This was added on the Senate floor. We will have a discussion of that when we come to amendment No. 16, following adoption of the conference report.

Mr. GROSS. I thank the gentleman from Texas for yielding to me and for his explanations.

Mr. MAHON. I would say to the gentleman, that of course the $587.5 million is in the Senate passed total.

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

Mr. MAHON. I yield to the gentleman.

Mr. JONAS. I was just going to make that point. The $587 million that will be discussed later is included in the $938 million figure, which shows in the bill as it passed the Senate above our figure.

Mr. MAHON. The gentleman is correct.

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

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

Mr. COHELAN. Will the gentleman explain today a little more about amendment No. 16 reported in disagreement with respect to this $587 million? Do I understand you are going to explain it to us now, or when will you?

Mr. MAHON. As I indicated, we propose to discuss that when we reach amendment No. 16 on a separate motion after the conference report itself is adopted.

Mr. COHELAN. I thank the gentleman.

Mr. OBEY. Mr. Speaker, during the Senate debate on this supplemental appropriation bill for 1970, the Senate adopted an amendment proposed by Senator PROXMIRE of Wisconsin to add $8.7 million in funds to help complete the construction of 35 hospitals throughout the country. These hospitals were hurt particularly hard when the Congress voted last year, at the insistance of the President, to cut by $82 million the appropriation for hospital construction and modernization under the Hill-Burton program.

With that cutback in funds there has been a halt in the construction of some hospitals which are already in various phases of construction. In some cases, contractors may not be paid, and in many local communities they are finding it necessary to obtain funds in other ways to refinance these projects.

The Proxmire amendment would have helped those local communities which have already started construction or modernization projects, which have been led to believe they would receive funds, and which have been counting on these funds during the 1970 fiscal year so that the projects could proceed and in some cases be completed.

Unfortunately, Mr. Speaker, that amendment was not accepted by the House in the conference committee. I regret that decision. The Proxmire amendment was passed by the Senate in an attempt to fulfill the promise on the part of the Federal Government to provide a certain level of assistance to local communities for hospital construction in this fiscal year. By not accepting this amendment Congress has let these communities down. I believe this bill would have been a far better piece of legislation had it contained that amendment.

Mr. SCHADEBERG. Mr. Speaker, on behalf of the people in the area of Beloit I express regret that the conferees saw fit to delete the item of $8,703,078 for hospital modernization and construction which I had attempted unsuccessfully to have included in the House version of the second supplemental appropriation bill of 1970 but which was included in the Senate version.

While I can understand the action of the conferees I am disappointed that this item was deleted. I do express a hope that the Subcommittee of the House dealing with appropriations for Hill-Burton funds for 1971 will include the $8,703,078 for the 35 hospitals which have started construction under the modernization program but have not received their full funding.

If for some unfortunate reason the funds these hospitals have full reason to believe would be received under the Hill-Burton Act are not included in the 1971 appropriation bill I will seek to have the funds included by amendment and trust the House in its wisdom will recognize its responsibility to fulfill its moral, and what I believe legal, commitment to these hospitals.

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

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore (Mr. ALBERT). The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment numbered 2: Page 2, line 13, insert:

"FOOD AND NUTRITION SERVICE

"FOOD STAMP PROGRAM

"For necessary expenses of the Food Stamp Program pursuant to the Food Stamp Act of 1964, as amended, for the period July 1, 1970, to September 30, 1970, $300,000,000, to be charged to the amount appropriated under this head in H.R. 17923, when enacted."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: In lieu of the date of September 30 named in said amendment insert "October 31".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment numbered 10: Page 4, line 18, insert "*Provided*, That $374,500 shall be available for construction services by the Director of General Services or by contract for architectural engineering services, as may be determined by the Commissioner."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 10 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment insert "$318,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment numbered 12: Page 6, line 8, insert:

"GENERAL SERVICES ADMINISTRATION

"REAL PROPERTY ACTIVITIES

"SITES AND EXPENSES, PUBLIC BUILDINGS PROJECTS

"For an additional amount for 'Sites and expenses, public buildings projects', $371,000, to remain available until expended."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 12 and concur therein

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment numbered 13: Page 6, line 14, insert:

"NATIONAL SCIENCE FOUNDATION

"SALARIES AND EXPENSES

"For expenses necessary to carry out the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), $8,800,000, to remain available until expended."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House insist on its disagreement to the amendment of the Senate numbered 13.

PREFERENTIAL MOTION OFFERED BY MR. MILLER OF CALIFORNIA

Mr. MILLER of California. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. MILLER of California moves to recede from the disagreement to Senate amendment No. 13 and concur therein.

SENATE ADDITION FOR NATIONAL SCIENCE FOUNDATION

Mr. MAHON. Mr. Speaker, a floor amendment adopted in the other body provided an additional $8.8 million for the National Science Foundation for fiscal year 1970.

The Congress last year enacted legislation denying the Department of Defense funds to support basic research on any item other than that directly germane to defense programs.

It is now contended that about $8.8 million in federally supported research in the universities was eliminated as a result of the operation of this legislation, and the purpose of amendment No. 13 is to restore such research support, but do so through the National Science Foundation. That is what amendment No. 13 is designed to do.

Mr. EVINS of Tennessee. Mr. Speaker, will the gentleman yield?

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

Mr. EVINS of Tennessee. Mr. Speaker, I would say to my distinguished friend, the chairman of the Appropriations Committee, that I shall not disagree with his position and that of the distinguished gentleman from California, but I certainly think this item needs some explanation.

Our Subcommittee on Independent Offices, which recommends funds for the programs of the National Science Foundation, proposed $495 million for next year in the bill that passed the House on May 12. This is a $57 million increase over the $438 million appropriation of the previous year. The bill reported by the committee in the other body yesterday proposes $511 million for next year, or an increase of about $73 million over 1970.

I might say that the so-called Mansfield amendment adopted in the other body on the Military Procurement Authorization Act last year provided, in substance, that the Defense Department shall not engage in support of scientific research projects not relating to defense. We suspected that there would be a transfer of a lot of nonrelated projects over to the National Science Foundation. However, the testimony of Dr. John Foster of the Department of Defense research program states that none have been transferred as of now. Therefore, I do not see the need for an emergency appropriation in this supplemental bill at this time, particularly at the close of the fiscal year and when the new fiscal year begins next Wednesday.

So, Mr. Speaker, this is not an emergency item for scientific research, and especially so when the National Science Foundation is generously funded for the new year.

But in view of the position taken by others, I shall not insist upon a vote on the matter. However, I think the National Science Foundation is more than generously funded at this time, and certainly does not need the additional sum for this fiscal year that will expire before this bill is enacted.

Mr. MAHON. Mr. Speaker, I have no very strong feelings about this matter. It is true that certain basic research efforts formerly financed by the Department of Defense can no longer be financed by that Department. I am advised that about $8.8 million is involved. I am advised that this matter is covered in a report of inquiry prepared by the General Accounting Office, submitted to the Senate a couple of days ago. I have not had opportunity to study it. I would be glad to yield to the distinguished chairman of the committee which handles the authorizing legislation for the National Science Foundation for whatever statement he wishes to make.

Mr. MILLER of California. I thank the distinguished gentleman from Texas.

Mr. Speaker, this is a very touchy subject. This law reads that the Department of Defense cannot do certain research that it has heretofore done. The only place they can really turn to is the National Science Foundation. Some of this research may not be directly in line with defense activities, but it is so closely related to them that we must have an outlet or some place where this research can be done. What we are trying to do is to protect not only the whole field of science but to make it possible in an emergency for the National Science Foundation to fulfill its obligation and to pick up the cost of this matter of research.

Mr. MAHON. I again say, Mr. Speaker, that I do not have any very strong feelings on the matter. Clearly various colleges throughout the country are interested in this activity.

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

Mr. MAHON. I yield to the gentleman from North Carolina.

Mr. JONAS. I thank the chairman for yielding.

Mr. Speaker, I concur in the view expressed by the distinguished gentleman from Tennessee (Mr. EVINS). We think this supplemental item of $8.8 million should be considered in the regular bill.

We have already provided in the House $495 million for the National Science Foundation. That bill has not been acted on by the other body. I am surprised that a fight should be made to add $8.8 million in a supplemental bill, especially when the fiscal year will end on next Tuesday night. We think this item should be considered under normal, ordinary procedure and should have gone over for consideration in the fiscal year 1971 bill that is now pending on the other side of the Capitol.

But if the gentleman from Tennessee is not disposed to insist on the position

the House conferees took, I will concur in his decision.

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

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

Mr. GROSS. Mr. Speaker, it would be unconscionable to put $8.8 million into a supplemental appropriation bill for this purpose with the year expiring when? Next Tuesday or Wednesday?

Mr. MAHON. Next Tuesday night.

Mr. GROSS. That just does not make a nickel's worth of sense. I am astounded that the move has been made here today to put this money in under the circumstances that exist, especially in view of the fact that Congress has already approved $495 million for the National Science Foundation. I urge that the House waste no further time in defeating the motion now pending.

Mr. MAHON. Mr. Speaker, I move the previous question on the preferential motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the preferential motion offered by the gentleman from California (Mr. MILLER) to recede from disagreement to the Senate amendment No. 13 and concur therein.

The preferential motion was rejected.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas that the House insist on its disagreement to the Senate amendment No. 13.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment numbered 15: On page 7, strike out:

"COUNCIL ON ENVIRONMENTAL QUALITY

"SALARIES AND EXPENSES

"For expenses necessary for the Council on Environmental Quality in carrying out its functions under the National Environmental Policy Act of 1969 (Public Law 91–190), including hire of passenger motor vehicles and partial support of the cabinet committee on environmental quality, and the Citizens' Advisory Committee on Environmental Quality, established by Executive Order 11472 of May 29, 1969, or any amendatory order, $100,000."

And insert:

"COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

"SALARIES AND EXPENSES

"For expenses necessary for the Council on Environmental Quality and the Office of Environmental Quality, in carrying out their functions under the National Environmental Policy Act of 1969 (Public Law 91–190) and the Environmental Quality Improvement Act of 1970 (Public Law 91–224), including hire of passenger vehicles, and partial support of the Cabinet Committee on the Environment and the Citizen's Advisory Committee on Environmental Quality, established by Executive Order 11472 of May 29, 1969, as amended by Executive Order 11514 of March 5, 1970, $400,000."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 15 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment insert "$350,000".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 9, line 4, insert:

"URBAN RENEWAL PROGRAMS

"For grants for urban renewal, fiscal year 1970, as an additional amount for urban renewal programs, as authorized by title I of the Housing Act of 1949, as amended (42 U.S.C. 1450 et seq.) and section 314 of the Housing Act of 1954, as amended (42 U.S.C. 1452a), $587,500,000, to remain available until expended: *Provided*, That no part of any appropriation in this Act shall be used for administrative expenses in connection with commitments for grants aggregating more than the total of amounts available in the current year from the amounts authorized for making such commitments through June 30, 1967, plus the additional amounts appropriated therefor."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House insist on its disagreement to the amendment of the Senate numbered 16.

PREFERENTIAL MOTION OFFERED BY MR. COHELAN

Mr. COHELAN. Mr. Speaker, I offer a preferential motion.

The Clerk read as follows:

Mr. COHELAN moves that the House recede from its disagreement to Senate amendment No. 16, and concur therein.

SENATE ADDITION OF $587.5 MILLION UNBUDGETED FOR URBAN RENEWAL PROGRAMS

Mr. MAHON. Mr. Speaker, we are now confronted with a matter involving $587.5 million for urban renewal programs.

The House and the other body continue to support urban renewal programs. On May 12, the House, in the appropriation bill managed on the floor by the gentleman from Tennessee (Mr. EVINS) and the gentleman from North Carolina (Mr. JONAS) approved the full budget estimate of $1,000,000,000 for urban renewal for the fiscal year 1971 which begins next Wednesday.

Congress also provided $1 billion for this program for the current fiscal year 1970.

In my judgment, there cannot be any possible defense for concurring in the Senate amendment now before us. I would like to read that amendment. It states, on page 9, amendment No. 16:

For grants for urban renewal, fiscal year 1970—

Well, the fiscal year 1970 ends next Tuesday. It provides funds for the fiscal year which ends next Tuesday:

as an additional amount for urban renewal programs, as authorized. . . $587,500,000, to remain available until expended: Provided, that no part of any appropriation in this Act shall be used for administrative expenses . . .

And so forth.

So, in the very dying hours of the current fiscal year, this is simply to provide—for this current fiscal year—an additional sum of $587.5 million for urban renewal, on top of the $1 billion already provided for the current fiscal year.

It is above the budget.

There were no committe hearings in either the House or Senate on the matter in connection with this bill.

If additional funds are desired, this is not the bill in which to add a $587.5 million unbudgeted supplement that cannot be obligated in the current fiscal year which ends next Tuesday night. Any additional funds at this time could not be obligated until fiscal 1971.

As I said, the House-passed fiscal year 1971 appropriation bill contains $1 billion.

The Committee on Appropriations of the other body has reported a bill adding $300 million above the budget—and above the $1 billion—for the fiscal year 1971 which begins next Wednesday.

The 1971 bill is the appropriate and orderly place and time to decide the funding level for urban renewal—not at the last minute in a supplemental bill that will expire before the funds can be obligated.

Of course, the other body will have its opportunity to do what it wishes with respect to the fiscal year 1971 program. The House provided $1 billion. The other body will provide whatever sum it desires to provide. Then we will go to conference with the Senate to determine what the final figure will be for the fiscal year 1971 which begins next Wednesday.

It would be utterly indefensible and utterly inexcusable for us to provide for the fiscal year which ends next Tuesday an additional half billion dollars plus for urban renewal.

So, I stoutly support the motion I have offered to insist on our disagreement to the Senate addition of $587.5 million. And I urge the House to vote down the preferential motion offered by the gentleman from California.

Mr. Speaker, I now yield 5 minutes to the gentleman from California (Mr. COHELAN) to speak on his motion.

Mr. COHELAN. Mr. Speaker and Members of the House, I regret that because of last minute developments it remains for me to call to the attention of the House the serious needs for this urban renewal money.

I did not realize what had happened in the conference until this morning. It is only because of the fact that I am familiar with some of our procedures that I agreed to introduce the motion to recede and concur in the Senate amendments.

Now how did I get into this act?

This morning I got a call from many of the mayors in California. They told me about what they thought was their victory in the Senate. They said they had been frustrated by the action of the conference. They were in Washington and testified before the gentleman's committee. The committee was told of the tremendous problems facing our cities, of the huge backlog and the enormous need.

On the basis of the call this morning, I tried to find out more about it and, of course, I became more convinced that it was necessary to dicuss this problem in the House this afternoon and try to restore the funds.

Today, however, urban renewal faces

a financial crisis which could jeopardize its orderly continuation. There is currently a $3 billion backlog of urban renewal applications at the Department of Housing and Urban Development; all funds for fiscal year 1970 have been exhausted. Unless additional funds are appropriated, hundreds of communities across the Nation will be forced to postpone, or worse, cancel urgently needed renewal projects.

Mr. Speaker, on Monday the Senate recognizing the pressing need for prompt action to avert this crisis, approved by an unprecedented vote of 70 to 12, an amendment to the supplemental appropriation bill (H.R. 17399) adding $587.5 million for urban renewal. This is the additional authorized amount not appropriated for fiscal 1970.

The decision to concur with the Senate's action or to eliminate the full $587.5 million appropriation for urban renewal is now before this body. It is, in my mind, imperative for us to agree to this figure. Nearly every Member of the House has pending urban renewal projects in his district. Without the additional money, the chance that these projects will be funded in the next year will significantly decrease.

To indicate the extent of this crisis, let me cite briefly four comments from some city officials on their desperate need for additional urban renewal money:

Stamford, Connecticut—Local efforts cannot be sustained on a continuing basis with the paralyzing effects of periodic interruptions in the availability of federal dollars.

Nanticoke, Pennsylvania—If we don't get our funds we'll have to close up shop.

National City, California—The citizens, property owners, Chamber of Commerce, City Council, and everyone connected with the project are sorely disappointed because many acute physical and environmental deficiencies in the neighborhood will not be corrected as a result of the cut in funds.

Hot Springs, Arkansas—It's a dangerous situation when you start a program and then stop it. The community is interested and enthusiastic about our programs. The job ultimately will have to be done. By postponing it, we will only have to do more—at greater cost—when we eventually tackle the problem.

Mr. Speaker, the accomplishments of urban renewal are well known to most of us. We have seen the construction of new moderately priced housing in what was once a dilapidated and deteriorated neighborhood. We have witnessed the construction of new industrial parks within our cities which have generated new jobs and additional city revenues. We have watched as code enforcement or rehabilitation programs helped to maintain good neighborhoods which would have been transformed into slums if left unaided.

Nationally, the statistics are impressive. Over 1,000 communities are now participating in the program in every State. It is a program which assists communities of all sizes; in fact, over one half of the participating communities have a population of less than 25,000.

In housing, over a quarter of a million new or rehabiblitated housing units have already been started or completed, 53 percent of which are low and moderate income housing. In addition, when all redevelopment in programs approved through fiscal year 1969 are completed, nearly 1.3 million housing units, 66 percent low and moderate income, will have been generated.

In employment and commerce, over 5,000 commercial, industrial and institutional structures have been completed or are under construction as a result of renewal. This has already generated about half a million permanent jobs. When presently planned redevelopment is completed, an additional 2.2 million jobs will result.

The assessed tax valuation of land and improvements has increased an average of 240 percent in completed renewal projects, thus expanding the local tax base.

In the investment of other funds, one Federal renewal dollar will generate $5.30 of local private and public money.

While these statistics are impressive, there is another set which are depressing if Congress does not appropriate additional renewal funds. The National League of Cities and U.S. Conference of Mayors have compiled a list of pending and proposed urban renewal applications using data from the Department of Housing and Urban Development and the National Association of Housing and Redevelopment Officials. Current needs for the 50 States exceed 3¾ billion. There are currently a total of 1,325 applications from cities in 49 States. Mr. Speaker, at this time I wish to submit this document for insertion in the RECORD.

Therefore, Mr. Speaker, the need is obvious. The fiscal 1971 appropriation, which will be between $1 billion and $1.7 billion will be inadequate to meet this $3.75 billion demand. The additional appropriation of $587.5 million is an absolute necessity.

I urge the acceptance of the Senate addition of urban renewal funds.

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

Mr. COHELAN. I yield to the gentleman from Pennsylvania who is very knowledgeable in this field.

Mr. BARRETT. Mr. Speaker, I thank the gentleman for yielding, and I certainly want to say to the chairman of the Committee on Appropriations that while the fiscal year is ending, and he thinks it would not be helpful to put this $587.5 million in the bill at this time. Unless this money is included in this appropriations bill it will cut off any of the urban renewal money today.

I hope this House this afternoon will sustain the preferential motion made by the gentleman from California.

So Mr. Speaker, I urge the House to adopt the preferential motion to add funds for urban renewal in the supplemental appropriations bill. The Senate added to the supplemental appropriations bill an amendment which provided an additional $587.5 million for urban renewal. This addition of funds for urban renewal will bring the total urban renewal funds up to what Congress authorized for fiscal year 1970. The Congress has authorized, but not appropriated a total of $2.287 billion, which includes $400 million authorized for the current fiscal year in addition to the $1 billion already appropriated; $187 million authorized for renewal in model cities areas, and $1.7 billion authorized for fiscal year 1971. The administration has asked the Congress for a $1 billion appropriations for fiscal year 1971, which falls short by $1.287 billion of what Congress itself has said it needed.

The Department of Housing and Urban Development has estimated that as of March 31, 1970, actual applications pending from some 500 cities totals almost $2.1 billion. This figure does not include projects now being developed locally and not yet submitted for funding.

Mr. Speaker, I am sure that most of the Members here today have been contacted by their mayors, who have pleaded with us for more renewal funds. Many of our cities are having their urban renewal programs severely restricted because of the administration cutback in renewal funding. I know that the distinguished Speaker's home city of Boston has had its urban renewal program almost brought to a halt. The same situation exists in my own city of Philadelphia where the urban renewal program again has been brought to a halt. Mr. Speaker, as Chairman of the Housing Subcommittee and as one who has been vitally concerned with the operation of the urban renewal program over the past 20 years, I am very familiar with the need for funds for this program. I strongly urge and support the adoption of the preferential motion offered by the gentleman from California (Mr. COHELAN).

Mr. COHELAN. I thank the gentleman.

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

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

Mr. SCHEUER. This measure is vital to the free enterprise community, which we all support.

The building industry in this country is in desperate straits. Mortgage money is virtually impossible to obtain at reasonable rates. So are construction funds. These funds will enable us to move ahead and put into housing production vacant cleared land—blocks and blocks in our cities which have become the favorite neighborhood dumping ground for garbage, abandoned cars, beds, chairs, refrigerators, bicycles and the like.

These cleared lots—fast becoming festering eyesores—are dramatic evidence of our lack of national will and purpose to rebuild our cities and provide low- and moderate-income housing for the poor, and the middle-class people who do not want to be forced out of our cities to suburbia. Let us pass this measure and get on with the job.

Mr. COHELAN. Mr. Speaker, I urge an "aye" vote.

Mr. MAHON. Mr. Speaker, I yield to the gentleman from Pennsylvania (Mr. WILLIAMS), 2 minutes.

Mr. WILLIAMS. Mr. Speaker, I thank the distinguished gentleman from Texas for yielding to me. I do want to correct the gentleman from Pennsylvania who says that Mr. MAHON's motion involves $50 million. Actually it involves a sum in excess of $500 million.

I would also like to remind the Mem-

bers of the House that the wealth of this country is concentrated in the urban areas, and I happen to reside in and represent one section of an urban area. If we are going to raise taxes to help urban areas, those taxes must in good part come from the urban areas in which the wealth of this country is located. I know that the cities have not been doing as much to help themselves as they can. I would like to suggest to my distinguished colleague from California that perhaps the cities have been taught to expect to get something for nothing, and that could be the root of our trouble.

I certainly hope that Mr. MAHON's motion will be sustained.

Mr. MAHON. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. RYAN).

Mr. RYAN. Mr. Speaker, I urge my colleagues to support the preferential motion by the gentleman from California to recede and concur in Senate amendment No. 16. This supplemental appropriation of $587.5 million is essential to fully fund the urban renewal program. The urban renewal program and other housing programs have been underfunded for too long. This gives us an opportunity to match the authorization with appropriations in this fiscal year. The crisis in our cities is so extreme, urban blight is having such a devastating impact not only in terms of deteriorating housing, but in terms of the intolerable conditions under which people are living, that all manner of disastrous consequences result.

I urge that we support this motion. There is a $3 billion backlog now pending in urban renewal applications. Let us get on with the task of solving the crisis which concerns us in the major cities. New York City and every other major city can use all the funds which Congress can appropriate.

It has been said that no committee hearings were held in connection with this appropriation. I would like to remind the Chairman, however, that on April 8, I appeared before the Subcommittee on Independent Offices and Department of Housing and Urban Renewal of the Appropriations Committees. My testimony may be found at pages 521–26 of the hearings. And more specifically, my comments in regard to a supplemental appropriation for the urban renewal program may also be found at that location.

In the course of my testimony, and in calling for full funding of the urban renewal program—as provided in my bill H.R. 15643 (companion bills H.R. 15729 and H.R. 15844), I stated the urgent need for additional funds for urban renewal:

> Urban Renewal is at the very core of the governmental effort to clear our Nation's slums and halt urban blight. Decay of our cities is not going to stand still awaiting adequate Federal funds to combat it; it continues, it persists, and it grows in severity.

Obviously, even the $587,500,000 which the other body has added to the second supplemental appropriation bill for fiscal year 1970 will not be able to fill the enormous $3 billion backlog. But Senate amendment No. 16 is a significant step.

Let me briefly review this program, which provides Federal financial assistance to local communities to absorb part of the cost of local programs designed for neighborhood redevelopment, rehabilitation, or conservation.

Since 1949, over 1,000 communities—in all 50 States—have participated or are participating in the urban renewal program. Over half of these communities have a population below 25,000; and over $8.2 billion has been approved in Federal grants to assist the over 1,000 participants.

Under the urban renewal program over a quarter of a million new or rehabilitated housing units have already been started or completed, 53 percent of which are low- and moderate-income housing. When all redevelopment in programs approved through June 30, 1969, is completed, it will have generated nearly 1.3 million housing units, of which 66 percent are low and moderate income.

Urban renewal activity has generated about 500,000 permanent jobs. When present planned redevelopment is completed, over 2.2 million jobs will have been generated. Approximately $5.30 of local private and public investment has been generated for each urban renewal dollar. The assessed tax valuation of land and improvements has increased an average of 240 percent in completed renewal projects, thereby expanding the local tax base.

Urban renewal is a sound investment in the future of America. The preferential motion should be adopted.

Mr. MAHON. Mr. Speaker, there is a crisis in the cities and there is a crisis in the rural areas, but there is also a crisis in the fiscal affairs of our country as well as an inflationary crisis—and no one knows this inflationary crisis better than the people in the cities and urban areas.

We may well have a $12 billion deficit for the forthcoming fiscal year when we omit account of the $8 billion-plus that will be borrowed from the social security and highway and the other trust funds, so if we are going to try to look after the cities and the rural areas, we have to try to look after the fiscal stability of our country, because if money is not going to be stable and supportable, then we will not be able to buy much with it.

I would hope that the gentleman from North Carolina would make some detailed reference to what we are doing for the cities. Believe me, we are doing much for the cities.

Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina.

Mr. JONAS. Mr. Speaker, as the distinguished gentleman from Texas has said, we all know there is a crisis in the urban areas, but one listening to the proponents of this preferential motion would think we are not doing much about it. The contrary is the case. We are doing a great deal to assist the cities in solving their problems. The citation of a few facts and figures should make this clear to all fairminded people.

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

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

Mr. BARRETT. Mr. Speaker, in 1970, we will have approximately 1,200 applications pending for ruban renewal projects, asking for funds.

Mr. JONAS. Mr. Speaker, let me say to my friend from Pennsylvania that the Urban Renewal Administration—and I would like the members of the committee to hear these facts, because they are accurate and are taken from the record—has on hand now $2 billion of undisbursed urban renewal appropriations. That money has to be raised. It is not in the bank. We have to go out into the money market to raise it. But the pertinent point is that HUD has $2 billion in previously appropriated but undisbursed urban renewal funds.

What else has been done for urban renewal?

We have reported out of our committee, and this House passed last April, a bill providing $1 billion for urban renewal—and that is another billion dollars to add to the $2 billion on hand and unspent. We gave them $1 billion last year, and we are giving them another billion for fiscal year 1971 in a bill that already passed the House and pending in the other body. The Senate committee has increased that to $1.3 billion.

As the gentleman from Texas has said, here we are in the closing days of a fiscal year which will end next Tuesday night, and suddenly the other body comes up with $587 million of additional funds above the $1 billion already provided. We have to superimpose that on top of the $1 billion in the 1971 bill already cleared by the House. This is only for urban renewal—$2 billion in undisbursed funds, $1 billion provided in the 1970 regular bill and another $1 billion in the House passed bill for 1971, and yet they are asking the taxpayers to put up another $587 million in the supplemental for a fiscal year that will end in 4 days.

Mr. MAHON. Mr. Speaker, will the gentleman yield for a moment?

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

Mr. MAHON. Mr. Speaker, is it not true that under the wording of the continuing resolution for fiscal 1971 which cleared the Congress yesterday, that regardless of this bill, this additional $1 billion will become available next Wednesday morning?

Mr. JONAS. That is correct. That was provided in the continuing resolution which cleared the House yesterday.

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

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

Mr. COHELAN. I should like to keep the record clear, because we can all learn something. Either the gentleman is correct and we have a plethora of funds or something is wrong, because these fellows calling me from California are saying there is a $3 billion backlog. They argued this over in the Senate. The Senate vote indicates they must consider the argument overwhelming. There is an enormous and critical unmet need, as I understand it.

If the gentleman could persuade me—I have high regard for the gentleman, as

he well knows—I would be the first to go along and explain it to these people. It seems to me they must know that there is something wrong.

Mr. JONAS. If the gentleman will bear with me, I hope to be able to give him some facts he can use in discussing this issue with the mayors. If they know the facts I believe they will quit complaining about Congress being niggardly with funds for the cities.

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

Mr. JONAS. I yield to my colleague on the committee from Pennsylvania.

Mr. McDADE. On the point which the gentleman from North Carolina is making, it is interesting to note that in the figures we have been supplied in the committee, actual expenditures for urban renewal alone by fiscal year 1969 were $2.9 billion, and by fiscal year 1971 HUD estimates actual spending on urban renewal is going to be in excess of $5 billion, almost double. So, there is an increasing level of effort. In light of this fact, it seems most inappropriate to add this large sum without even a moment of hearings, and just before the close of the fiscal year.

Mr. JONAS. That is right. Yet, it continues to be said we are not providing much money for urban renewal and other programs for the cities. I do not understand what it will take to satisfy the critics.

The SPEAKER pro tempore (Mr. HOLIFIELD). The time of the gentleman from North Carolina has expired.

Mr. MAHON. Mr. Speaker, I yield 5 additional minutes to the gentleman from North Carolina.

Mr. RYAN. Mr. Speaker, will the gentleman from North Carolina yield?

Mr. JONAS. Will my friend from New York allow me to use about 4 of my 5 additional minutes, and then I shall be glad to yield.

The gentleman from California is talking about applications. I am talking about funds that have to be raised by the Treasury to take care of the contracts that are let.

The gentleman may be correct. There are, indeed, many applications on file for additional projects. But I am talking about a spending level, which used to be about $750 million a year. Now we have it up to $1 billion, and that does not satisfy them.

I say to the gentleman that the testimony before the committee indicates they have $2 billion in unexpended funds that have previously been appropriated for urban renewal, funds that they do not have in the bank. They will have to go out into this tight money market to raise those funds to go ahead with the contracts.

Mr. COHELAN. Mr. Speaker, if the gentleman will yield, I understand that. Is it not true that that money is already committed? I understand that. It is obligated money.

Mr. JONAS. It is obligated on the books, but it has not been spent. It has not been raised and it is not in the Treasury.

Mr. COHELAN. That is earmarked money. I understand that. It is in escrow, as it were.

Mr. JONAS. The difference between the gentleman from California and the gentleman from North Carolina is that the gentleman from California thinks it does not make any difference how many applications are filed, we have to put up the money to fund them all at one time. I do not believe we can afford to do it.

Mr. COHELAN. I say to the gentleman from North Carolina with the greatest of respect, we have to in this country respond to what is a critical need.

Mr. JONAS. Now may I go ahead and put on the record some other figures which I believe ought to be considered before we vote on this?

We hear a lot of complaints that we are neglecting the cities. I have just discussed the tremendous effort being made for urban renewal—involving a billion dollars a year and $2 billion in unspent funds. That is only one program for the cities.

What about the $575 million put up for model cities in the bill we passed last April?

What about the $291 million we have already appropriated this year for metropolitan development?

What about the $654 million we put up this year to pay the 1 year subsidy on the 900,000 public housing units that we are contracted to continue to subsidize for 40 years, the total cost of which could go to $35 billion?

What about the $170 million authorized in new contract authority for additional public housing units? The cost of that item alone for 40 years will be $6.8 billion.

What about the additional $50 million in rent supplement contract authority that we have already voted this year? When I mentioned that please understand you have to multiply by 40 because that is a contract obligating the taxpayers to pay $50 million a year for 40 years. This program could cost the taxpayers $6.8 billion if we stop it right now and do not make a new contract.

What about the $130 million of new contract authority we have granted this year for home ownership assistance? If you multiply that by 30 years, you have an obligation there of $3.9 billion. That program alone, if it ends this year, without another new contract, could cost the taxpayers $10 billion.

What about the $135 million of new contract authority we have granted this year for the rental assistance program? That is for low-income people. All of these programs are for urban citizens who are seeking housing. But urban renewal, where you are trying to add $575 million, will not build a single house. You tear down houses with urban renewal; you do not construct houses.

I am saying to you that you cannot make a case, if you look at the record, against Congress for being parsimonious in its dealings with the cities.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MAHON. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. JONAS. As a matter of fact—my distinguished friend from Tennessee will agree with this—these four programs I have enumerated here involve an obligation on the part of the American taxpayers of about $65 billion. Yet people stand on the floor and say we are not doing anything for the cities. Here are a half dozen programs we are appropriating money and granting new contract authority for, and I do not think we deserve the criticism that the Congress is receiving from the mayors and from some of our colleagues who charge that we are doing nothing for the cities.

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

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

Mr. BARRETT. I thank the gentleman for yielding.

I just want to point out this: I know the gentleman is very economical and has a very good approach to economy, but I think the gentleman knows better than anyone else in this House, in spite of all the concessions and statements relative to what you have done for the cities, I think you will agree, if you do not put money into the urban areas, the deterioration will become greater and the cost of rescuing our cities will become astronomical.

Mr. JONAS. Does my friend think that $1 billion is an insignificant sum for one program for 1 year—when you superimpose that on all of these other programs? What I am objecting to is the fact that so many people say we are doing nothing for the cities when the record shows we will spend about $44 billion for social and welfare programs, mostly for urban dwellers, during this current year.

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

Mr. JONAS. I promised to yield first to the gentleman from Illinois (Mr. COLLIER).

Mr. COLLIER. I just want to reiterate what the gentleman just said in evaluating the assistance to the cities. We cannot afford to overlook the amount of money put into the urban mass transit system and, in fact, even the impacted aid goes primarily to the schools in the urban areas.

But, I would like to clarify this point: My friend, the gentleman from Pennsylvania (Mr. BARRETT), said there were 500,000 applications pending. If they were all meritorious and if there was not the necessity for screening these and if each of these were approved in the sum of $20,000, we would need $10 billion just to take care of those applications. That, of course, is absolutely unrealistic.

The SPEAKER pro tempore (Mr. HOLIFIELD). The time of the gentleman from North Carolina has again expired.

Mr. MAHON. Mr. Speaker, I yield the gentleman 2 additional minutes.

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

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

Mr. GROSS. Let me commend my friend from North Carolina for his opposition to this motion. It is my understanding that HUD does not want this added money at this time; is that correct?

Mr. JONAS. This money is not even budgeted. No one in the administration has asked for it. No request has been submitted for it by HUD.

Mr. GROSS. Mr. Speaker, if the gentleman will yield further, is there any money in this supplemental appropriation bill with which to buy furniture for welfare mothers to use to break out windows and the glass doors of public buildings as they did here in Washington a couple of days ago?

Mr. JONAS. No.

Mr. RYAN. Mr. Speaker, will the gentleman now yield?

Mr. JONAS. I now yield to the gentleman from New York.

Mr. RYAN. The fact remains that the $2 billion about which the gentleman spoke is already committed. It is money in the pipeline. There is now a $3 billion backlog in pending applications. What this $587.5 million does is to close the gap between the money which has already been authorized by the Congress and the money appropriated. Amendment No. 16 will provide full funding. That is the point.

Mr. JONAS. In the final seconds remaining to me, I wish to join my distinguished chairman, the gentleman from Texas (Mr. MAHON), in the remarks he made. If this preferential motion should not be voted down on its merits—and I think it should be because I think the committee and Congress has been very generous in providing funds for these programs but, if it should not be voted down on its merits, it ought to be voted down as a procedural matter because this is not the place, this is not the time to put a $587 million unbudgeted item in a supplemental appropriation bill for fiscal year 1970 which will end next Tuesday.

Mr. MAHON. Mr. Speaker, the distinguished gentleman from North Carolina has just made a very wise statement, that it would seem preposterous to put over a half billion dollars in this bill at this time for the fiscal year which ends next Tuesday.

I inquired of the Secretary of the Department of Housing and Urban Development, Mr. Romney, about the position of the Department in regard to this matter. I was told that Secretary Romney was out of the city. However, it is pretty well known, I think, that Secretary Romney is rather sympathetic to spending Federal dollars for urban problems, and Congress has given him a lot of support in those programs. I was told by the representative of the Secretary that he hoped that it would be possible to maintain the House position and oppose the half-billion-dollar Senate addition.

The chairman of the Subcommittee on Independent Offices Appropriations, who has worked for years with this program and who is responsible for guiding appropriations for tens of millions of dollars through the Congress, should be heard and I now yield 5 minutes to the gentleman from Tennessee (Mr. EVINS).

Mr. EVINS of Tennessee. Mr. Speaker, I rise in opposition to the preferential motion of the gentleman from California (Mr. COHELAN) and to support the position of the gentleman from Texas (Mr. MAHON).

The gentleman from California referred to coming before our committee. He did come before our committee and he and the mayors appeared in support of funds for the next fiscal year which begins July 1. We know he and the mayors are very much interested in urban renewal programs.

The gentleman can advise his mayors that there will be $1 billion in new funds for 1971 for urban renewal programs, which will arrive on Wednesday of next week. What we are talking about now is a supplemental appropriation for the fiscal year that is just ending.

A total of $1 billion has already been provided for urban renewal programs in the current year. This is the full budget request.

I want to say further that we have provided substantial sums for the urban renewal program for many years, along with funds for many other programs for the cities. Urban renewal only a short time ago was funded on the basis of about $750 million annually. The House has already approved $1 billion for 1971, and that is the full amount requested by the Department. A total of $10,037,500,000 has presently been made available for urban renewal programs through the current fiscal year.

The $587,500,000, we are talking about now should not be in this bill. The other body did not have hearings on it in connection with this bill. It was added by an amendment on the floor of the other body. I hope we all understand the matter, and that we have been funding this program for many years.

Last year $1 billion was provided. Next year it will be at least $1 billion because the Senate committee has added $300 million to the amount which passed the House.

Now, regarding money that is going into the cities, we have the budget statement which indicates that about $44 billion of Federal financial commitments are being provided to the cities annually. This is no small amount, as we pointed out in our report on the 1971 bill, we want the House to understand about the aid that is presently going into the cities. This is more substantial when considered in total than many realize.

The $3 billion in appropriations that are provided in the regular bill for HUD programs in 1971 is only the tip of the iceberg. This includes $1 billion for urban renewal, $655 million for public housing, $575 million for model cities, and funds for many other programs. Homeownership, rental housing assistance, rent supplements, and other programs provide billions in long-term obligations for payments over the next 20, 30, or 40 years. These programs will continue to provide increasingly greater assistance to the people in urban centers. As I have mentioned, there is presently an estimated $44 billion in Federal support going into the cities each year.

Of course, you cannot satisfy all of the demands of some of the mayors. There is not enough revenue to do so. They want to get as much money as possible from Washington, and will continue to send telegrams. All of us have received telegrams.

The gentleman from California should explain to his mayors that he testified in support of funds for next year, which begins July 1. There is $1 billion in the House bill. There is $1.3 billion in the Senate bill.

I repeat, there were no hearings on this item. There is no budget estimate. It was added on the floor of the Senate, and it should be denied. The preferential motion of the gentleman from California should be voted down.

Mr. MAHON. Mr. Speaker, I strongly agree with the gentleman from Tennessee that the preferential motion offered by the gentleman from California (Mr. COHELAN) should be voted down.

The Committee on Appropriations has tried to do a good job helping the House find the right road to follow in fiscal matters, and we have been as generous as we could be under all the circumstances in these various programs. The budget is in the red, even after borrowing about $8.5 billion from the trust funds.

The pending $587 million is, as has been said repeatedly, for the fiscal year 1970 which ends next Tuesday.

It could not be used in this fiscal year 1970.

It is above the budget.

The new fiscal year begins next Wednesday. It would seem to me that the House would not at the end of the fiscal year, while talking about economy, and being very much concerned about inflation—it would seem unbelievable that the House would want—for the fiscal year 1970—to go nearly $600 million above the President's budget on this program. It just cannot be defended in the circumstances.

I hope that the preferential motion offered by the gentleman from California (Mr. COHELAN) will be voted down, and that when the vote comes the Members of the House will vote "No," and that the House managers will be sustained in their position to insist upon denying the $587.5 million added by the other body.

Mr. MAHON. Mr. Speaker, I move the previous question on the preferential motion.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the preferential motion offered by the gentleman from California (Mr. COHELAN) that the House recede from its disagreement to Senate amendment No. 16 and concur therein.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. COHELAN. 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 pro tempore. Evidently a quorum is not present.

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 137, nays 236, not voting 56, as follows:

[Roll No. 189]

YEAS—137

Adams	Ashley	Boland
Addabbo	Aspinall	Bolling
Albert	Barrett	Brademas
Anderson, Calif.	Biaggi	Brasco
Annunzio	Bingham	Brown, Calif.
	Boggs	Burke, Mass.

Burton, Calif.	Harrington	O'Neill, Mass.
Button	Hays	Ottinger
Byrne, Pa.	Hébert	Pepper
Celler	Hechler, W. Va.	Perkins
Chisholm	Heckler, Mass.	Philbin
Clark	Helstoski	Podell
Clay	Holifield	Price, Ill.
Cohelan	Horton	Rees
Conyers	Howard	Reid, N.Y.
Corman	Jacobs	Reuss
Coughlin	Johnson, Calif.	Rodino
Cowger	Karth	Roe
Culver	Kastenmeier	Rogers, Colo.
Diggs	Kluczynski	Rooney, N.Y.
Dingell	Koch	Rooney, Pa.
Donohue	Kyros	Rostenkowski
Dulski	Leggett	Roybal
Dwyer	Lowenstein	Ryan
Eckhardt	McCarthy	St Germain
Edwards, Calif.	McFall	Scheuer
Eilberg	Macdonald, Mass.	Sisk
Fallon	Madden	Staggers
Fascell	Matsunaga	Stokes
Feighan	Meeds	Stratton
Ford, William D.	Mikva	Sullivan
Fraser	Miller, Calif.	Symington
Friedel	Minish	Thompson, N.J.
Fulton, Pa.	Mink	Tunney
Fulton, Tenn.	Monagan	Udall
Gallagher	Moorhead	Ullman
Garmatz	Morgan	Van Deerlin
Gibbons	Morse	Vanik
Gray	Moss	Vigorito
Green, Oreg.	Murphy, Ill.	Waldie
Green, Pa.	Murphy, N.Y.	Weicker
Griffiths	Nedzi	Whalen
Gude	Nix	Wolff
Halpern	O'Hara	Yates
Hanley	O'Konski	Yatron
Hansen, Wash.	Olsen	Zablocki

NAYS—236

Abbitt	Dowdy	Lujan
Abernethy	Downing	Lukens
Anderson, Ill.	Duncan	McClory
Andrews, Ala.	Edmondson	McCloskey
Andrews, N. Dak.	Edwards, Ala.	McClure
Arends	Edwards, La.	McCulloch
Ashbrook	Eshleman	McDade
Beall, Md.	Evans, Colo.	McDonald, Mich.
Belcher	Evins, Tenn.	McEwen
Bell, Calif.	Findley	McKneally
Bennett	Fish	MacGregor
Berry	Fisher	Mahon
Betts	Flood	Mailliard
Bevill	Flynt	Marsh
Biester	Foley	Martin
Blackburn	Ford, Gerald R.	Mathias
Blanton	Foreman	May
Bray	Fountain	Mayne
Brinkley	Frelinghuysen	Melcher
Brooks	Fuqua	Michel
Broomfield	Galifianakis	Miller, Ohio
Brotzman	Gettys	Mills
Brown, Mich.	Goldwater	Minshall
Brown, Ohio	Gonzalez	Mize
Broyhill, N.C.	Goodling	Mizell
Broyhill, Va.	Griffin	Morton
Buchanan	Gross	Mosher
Burke, Fla.	Grover	Myers
Burleson, Tex.	Gubser	Natcher
Burlison, Mo.	Hagan	Nelsen
Burton, Utah	Haley	Nichols
Byrnes, Wis.	Hammer-schmidt	Obey
Cabell	Hanna	O'Neal, Ga.
Camp	Harsha	Patman
Carter	Harvey	Pelly
Casey	Henderson	Pettis
Cederberg	Hicks	Pickle
Chamberlain	Hogan	Pike
Chappell	Hosmer	Pirnie
Clausen, Don H.	Hull	Poage
Clawson, Del	Hungate	Poff
Cleveland	Hunt	Pollock
Collier	Hutchinson	Preyer, N.C.
Collins	Ichord	Pryor, Ark.
Colmer	Johnson, Pa.	Pucinski
Conable	Jonas	Purcell
Conte	Jones, Ala.	Quie
Corbett	Jones, N.C.	Quillen
Crane	Jones, Tenn.	Randall
Cunningham	Kazen	Rarick
Daniel, Va.	Kee	Reid, Ill.
Davis, Ga.	King	Reifel
Davis, Wis.	Kleppe	Rhodes
Delaney	Kuykendall	Roberts
Dellenback	Kyl	Rogers, Fla.
Denney	Landgrebe	Roth
Dennis	Landrum	Roudebush
Derwinski	Langen	Ruppe
Devine	Latta	Ruth
Dickinson	Lennon	Sandman
Dorn	Lloyd	Satterfield
	Long, La.	Saylor
Schadeberg	Steed	White
Scherle	Steiger, Ariz.	Whitehurst
Schneebeli	Steiger, Wis.	Whitten
Schwengel	Stephens	Widnall
Scott	Stubblefield	Wiggins
Sebelius	Stuckey	Williams
Shipley	Taft	Wilson, Bob
Shriver	Talcott	Winn
Sikes	Taylor	Wold
Skubitz	Teague, Calif.	Wright
Slack	Thompson, Ga.	Wyatt
Smith, Calif.	Thomson, Wis.	Wydler
Smith, N.Y.	Vander Jagt	Wylie
Snyder	Waggonner	Wyman
Springer	Wampler	Young
Stafford	Watts	Zion
Stanton	Whalley	Zwach

NOT VOTING—56

Adair	Esch	Mollohan
Alexander	Farbstein	Montgomery
Anderson, Tenn.	Flowers	Passman
Ayres	Frey	Patten
Baring	Gaydos	Powell
Blatnik	Giaimo	Price, Tex.
Bow	Gilbert	Railsback
Brock	Hall	Riegle
Bush	Hamilton	Rivers
Caffery	Hansen, Idaho	Robison
Carey	Hastings	Rosenthal
Clancy	Hathaway	Smith, Iowa
Cramer	Hawkins	Teague, Tex.
Daddario	Jarman	Tiernan
Daniels, N.J.	Keith	Watkins
Dawson	Kirwan	Watson
de la Garza	Long, Md.	Wilson, Charles H.
Dent	McMillan	
Erlenborn	Mann	
	Meskill	

So the preferential motion was rejected.

The Clerk announced the following pairs:

Mr. Teague of Texas with Mr. Adair.
Mr. McMillan, with Mr. Bow.
Mr. Daniels of New Jersey with Mr. Ayers.
Mr. Dent with Mr. Watkins.
Mr. Mollohan with Mr. Robison.
Mr. Carey with Mr. Hastings.
Mr. Rivers with Mr. Hall.
Mr. Montgomery with Mr. Clancy.
Mr. de la Garza with Mr. Price of Texas.
Mr. Anderson of Tennessee with Mr. Keith.
Mr Alexander with Mr. Watson.
Mr. Daddario with Mr. Meskill.
Mr. Long of Maryland with Mr. Erlenborn.
Mr. Patten with Mr. Esch.
Mr. Flowers with Mr. Frey.
Mr. Hamilton with Mr. Hansen of Idaho.
Mr. Giaimo with Mr. Riegle.
Mr. Smith of Iowa with Mr. Cramer.
Mr. Passman with Mr. Bush.
Mr. Baring with Mr. Brock.
Mr. Blatnik with Mr. Mann.
Mr. Hawkins with Mr. Farbstein.
Mr. Kirwan with Mr. Powell.
Mr. Caffery with Mr. Gaydos.
Mr. Gilbert with Mr. Charles H. Wilson.
Mr. Hathaway with Mr. Jarman.
Mr. Tiernan with Mr. Rosenthal.

Mr. FALLON and Mr. O'KONSKI changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas that the House insist on its disagreement to the Senate amendment No. 16.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 20: Page 12, line 11, insert "including $172,000 to remain available until expended."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 20 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 13, line 17, insert:

"TRADE ADJUSTMENT ACTIVITIES

"For an additional amount for 'Trade Adjustment Activities', $2,330,000, together with such amount as may be necessary to be charged to the subsequent year appropriation for these expenses for any period subsequent to March 31 of the current year."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 22 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: Page 16, line 3, insert:

"SENATE

"CONTINGENT EXPENSES OF THE SENATE

"INQUIRIES AND INVESTIGATIONS

"For an additional amount for 'Inquiries and Investigations', fiscal year 1970, $345,000, to be derived by transfer from the appropriation, 'Salaries, Officers and Employees', fiscal year 1970."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 50: Page 48, line 15, insert: *"Provided,* That $200,000 of this appropriation shall be available only upon enactment into law of S. 2694, Ninety-first Congress, or similar legislation;".

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 50 and concur therein with an amendment, as follows: In lieu of the bill number S. 2694 named in said amendment insert: "H.R. 17138".

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 51: Page 51, line 21, insert:

"APPALACHIAN REGIONAL COMMISSION

" 'Salaries and expenses', $42,000, to be derived by transfer from the appropriation for 'Appalachian regional development programs';"

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 51 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 62: On page 63, line 20, insert:

"SEC. 604. Funds appropriated, or otherwise made available, by this Act for the fiscal year 1970, shall remain available for obligation until July 1, 1970, or for five days after the date of approval of this Act, whichever is later, unless a longer period is specifically provided: *Provided,* That all obligations incurred in anticipation of such appropriations and authority for the fiscal year 1970 as well as those for longer periods as set forth herein are hereby ratified and confirmed if in accordance with the terms hereof."

MOTION OFFERED BY MR. MAHON

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

The Clerk read as follows:

Mr. MAHON moves that the House recede from its disagreement to the amendment of the Senate numbered 62 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report just agreed to and also amendment No. 13, pertaining to the National Science Foundation, and amendment No. 16, pertaining to urban renewal programs for fiscal year 1970.

The SPEAKER pro tempore (Mr. PRICE of Illinois). Is there objection to the request of the gentleman from Texas?

There was no objection.

EMERGENCY HOME FINANCE ACT OF 1970

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1094 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1094

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. 17495) to increase the availability of mortgage credit for the financing of urgently needed housing, 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 by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 17495, the Committee on Banking and Currency shall be discharged from the further consideration of the bill S. 3685, and it shall then be in order in the House to move to strike out all after the enacting clause of said Senate bill and insert in lieu thereof the provisions contained in H.R. 17495 as passed by the House.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. SMITH) pending which I yield myself such time as I may consume.

Mr. Speaker, I know of no particular controversy on the rule. Of course, the bill that it would make in order does have some controversy. The rule is an open rule providing for 2 hours of general debate. It provides that the bill be read by title. It also provides that at the conclusion of consideration of the bill under the 5-minute rule, at the conclusion of the proceedings, it would be possible to send the bill to conference.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the statements made by the distinguished gentleman from Missouri in explanation of House Resolution 1094, the rule providing for consideration of H.R. 17495, the Emergency Home Finance Act of 1970.

The purpose of the bill is to increase the availability of mortgage credit for the financing of the home building industry.

Interest rates today are at historic high levels. Even at such rates money is in extremely short supply. The effect has been to tie up home construction. Low- and middle-income families cannot afford to pay the interest rates and many others cannot find available money at a reasonable price.

The bill seeks to alleviate these problems by: First, reducing interest charges for members of the Federal Home Loan Bank System—the savings and loan associations; second, establishing secondary markets for conventional mortgages under the Federal National Mortgage Association and the Federal Home Loan Bank Systems; third, authorizing an additional funding for the Government National Mortgage Association special assistance activities concerning secondary mortgage purposes; and fourth, extending the authority for setting FHA and VA interest rates at levels high enough to insure continuation of mortgage money in these two programs; and fifth, permitting investment of commercial bank reserves in housing mortgages.

Mr. Speaker, additional views in this matter have been filed by the gentleman from Texas (Mr. PATMAN) objecting to deletion of title V from the bill, the title creating a National Development Bank authorized to provide $4 billion a year to guarantee funding to construct 200,000 housing units for lower- and middle-income families, no loan to carry interest rates in excess of 6½ percent. The bill as originally proposed provided for establishment of this National Development Bank, the main source of funds of which would be the annual compulsory assessment of up to 2.5 percent of assets of pension funds and private foundations.

The proposal is of doubtful constitutionality. The provision was opposed by the administration and deleted by the Committee on Banking and Currency. I support the committee action to delete section 505.

I think we should keep in mind, Mr. Speaker, if I understand the parliamentary situation, that the language of the committee in this bill is actually a committee amendment, so in order to make certain that title V is not retained in the bill, if that is the position we take—and that is the position I take—we will have to be certain to vote in support of the committee amendment, which deleted title V.

We may end up by getting two or three votes on this. We will get a vote in the Committee of the Whole House. We may get a vote in the House on it, and I am not certain who will handle the motion to recommit, but we could get a vote on it. To be certain, if we want to keep this proposal of the gentleman from Texas out of the bill, as the committee voted, we should vote to support the committee amendment.

Mr. Speaker, I support the adoption of the rule.

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

Mr. ANDERSON of Illinois. Mr. Speaker, I rise in support of H.R. 17495, the Emergency Home Finance Act of 1970. I do so with a sense of urgency because I think this legislation is long overdue. You will recall that the other body passed a similar measure back in April of this year, and even at that time the housing crisis was extremely critical. The seasonally adjusted annual rate for new housing starts was approximately 1.3 million last year; and keep in mind that the national need, as defined in the 1968 Housing Act was 2.6 million new starts per year over the next decade. We are falling dangerously behind in meeting the shelter needs of our citizens, and the pinch is being felt throughout this great land of ours.

The villain in this whole piece is not difficult to identify; he has been with us for over 4 years now and goes by the name "inflation." In the old-fashioned melodramas the villain was one who went around foreclosing mortgages on homes. Our modern-day villain, inflation, is much more ruthless and malicious for he has successfully prevented people from even securing mortgages in the first place. The extent of this success is reflected in a passage from the committee report on this bill, and I quote:

The homebuying public, the mortgage lending institutions, and the homebuilding industry are confronted with the highest interest rates in a century and an extreme

scarcity of mortgage credit. This situation has caused a sharp turndown in new housing starts and has priced the cost of homeownership beyond the means of most of the families in America today.

Mr. Speaker, I would not want to suggest that by passing this bill we will somehow manage to permanently drive this villain from our doorstep. This is obviously not a panacea for our national housing crisis, and let us not deceive ourselves into thinking that it somehow is. This is simply a short-term, stop-gap measure to stimulate new housing starts. Yet it is a very significant and essential action which must be taken while we continue to wage a war on inflation and while we continue to work for more adequate long-term solutions to our housing problem.

The bill before us today would increase the availability of mortgage credit for home financing; it provides for a reduction in interest charges for members of the Federal Home Loan Bank System; it would establish secondary markets for conventional mortgages under Fanny Mae and the Federal Home Loan Bank System; it would authorize additional funds for Ginny Mae's special assistance functions; it would extend the flexible interest rate authority for FHA–VA mortgages; and it would permit investment of commercial bank reserves in housing paper.

To elaborate, let me point out that title I of this bill would authorize an appropriation not to exceed $250 million for the purpose of enabling the Federal Home Loan Bank Board to reduce the interest rates charged by member banks on short-term loans and long-term loans to member associations. This would promote an orderly flow of funds into residential financing, both to finance the purchase of new and existing housing. I fully agree with the committee report which states:

> To the maximum extent possible, the reduced interest rate benefits of the title should be passed on to individual consumers.

Those low- and middle-income families which are hardest pressed. And if my memory serves me correctly, I believe the gentleman from New Jersey (Mr. WIDNALL) testified in the Rules Committee that the funds authorized under title I alone could mean a difference of 280,000 housing units this year. Put in more human terms, that means that by our action today we will make it possible for 280,000 American families to purchase homes this year—families who otherwise could not, due to tight money and high-interest rates.

Title II of this bill would create a secondary market for conventional mortgages by expanding Fanny Mae's purchase authority beyond federally assisted mortgages, now confined, for the most part, to FHA and VA mortgages.

Title III would establish still another secondary mortgage market facility by creating a Federal Home Loan Mortgage Corporation under the direction of the Federal Home Loan Bank Board. The Corporation would have authority to purchase residential mortgages and it would supplement the authority of Fanny Mae as expanded under title II of this bill.

Title IV would provide a $1.5 billion increase in Ginny Mae's special assistance authority. The bulk of these funds would be used to buttress tandem plan operations and thereby provide significant support for various Government-subsidized housing programs.

Title VI of the bill would, for 1 year, give the Secretary of Housing and Urban Development flexible interest rate authority with regards to rate ceilings on FHA and VA housing programs.

Mr. Speaker, in the time remaining, let me say a few words about title V as proposed by the gentleman from Texas (Mr. PATMAN). First, on the procedural question, it is my understanding that we will be voting on the committee's amendment to delete title V which is known as the National Development Bank. Therefore, a vote for the committee amendment is a vote against the National Development Bank concept.

Keeping that in mind, let me say that I intend to vote for the committee amendment to delete title V. I think the committee was wise in rejecting this idea and I would urge my colleagues to vote to uphold the committee's decision. In the first place, this bill is supposed to be an emergency home finance measure. And yet, as the gentleman from New Jersey (Mr. WIDNALL) testified in the Rules Committee, it would take 1 year alone just to set up the bureaucracy envisioned in the National Development Bank proposal. This is hardly consistent with the real nature of this bill which is to provide immediate emergency relief to the housing market.

But beyond that objection, let me say that I have more substantive reservations about the National Development Bank concept. The gentleman from Texas claims that this new bank, working with a minimum of $4 billion annually, could provide upward of 200,000 additional units per year. Now certainly, at first blush, that seems to be a very commendable objective, and I am just as interested as the gentleman from Texas in providing this Nation with as many new housing units as we possibly can.

But where will the money come from to fund this new National Development Bank? Well, the bill would make it possible to obtain the loan funds from a number of different sources. Congress could simply appropriate the funds. The Treasury could purchase the Bank obligations. Obligations of the Bank could be sold in the open market. Or, private pension funds and foundations having assets over $4 million could be required to purchase Bank obligations in annual amounts up to 2.5 percent of their assets.

This latter source, pension funds and foundations, is both the heart of the National Development Bank concept and its most controversial feature. When Secretary Romney testified before the Banking and Currency Committee on this legislation, he had this to say about the National Development Bank concept as it relates to pension funds and foundations:

> I believe they should become a major source of housing funds. Perhaps the only way to achieve this is through some form of legislation. But, in my opinion, we have not yet given the pension funds a practical opportunity to do this voluntarily. For the present we should try a voluntary approach within the framework of a basically free-market system before considering other steps.

Secretary Romney went on to explain that his optimism over the viability of the voluntary approach was not unfounded because HUD is now geared up to generate mortgage-backed securities guaranteed by GNMA—an instrument specifically designed to attract pension fund money. The first issues were sold in February, exclusively to pension funds, and since that time the sales have been going quite well. In Secretary Romney's words:

> This instrument should be given a chance to prove its value.

I would simply want to second what Secretary Romney has said on this issue. It seems to me that we too frequently and too quickly resort to such compulsory approaches before giving voluntary approaches adequate opportunity or incentive to prove themselves.

Commenting further on the National Development Bank concept, Secretary Romney said:

> I believe we already have an effective facility for housing finance in FNMA and GNMA, and that a new institution for basically similar operations is unnecessary.

The Secretary went on to acknowledge that our 10-year housing goal calls for some 6 million subsidized housing units and that this year's goal is to raise production of these above 450,000. But, in the Secretary's words:

> I believe the most appropriate way to help the rest of the population is to control inflation and all interest rates through effective fiscal, monetary, and other economic policy actions—rather than to steadily broaden Federal subsidy programs until they cover virtually the whole population. But if there is to be a broadening, I believe it should be done through the established 235 and 236 programs, instead of through some totally new institution.

Let me simply reiterate my full concurrence with Secretary Romney on that point and again urge my colleagues to support the committee amendment to delete title V as offered by the gentleman from Texas (Mr. PATMAN).

Back on January 21 of this year, President Nixon issued a statement on the Nation's housing problem, in which he said:

> Lack of mortgage money is perhaps one of the most pressing immediate restraints on housing. Needed housing must and will be financed and built. All financial institutions—commercial banks, mutual savings banks, savings and loan associations, life insurance companies, pension funds and trust funds—should recognize the investment opportunities that will exist in this field over the years ahead. They should seek now to move affirmatively into a better position to capitalize on these opportunities.

I think it has been due to the appeals by men like the President and Secretary Romney for this kind of voluntary assistance that we have seen a resurgence of interest on the part of these groups to making a greater contribution in the area of housing. In a letter we all re-

ceived from Mr. Hilton Davis of the U.S. Chamber of Commerce dated May 28, he points out that—

> Banks, insurance companies, and pension funds have recently pledged an additional $2 billion in backing for residential mortgages this year. The voluntary approach to attracting pension and profit sharing funds to the mortgage market is far more preferable than a coercive approach.

He makes one other point which I think we would all do well to keep in mind in considering the advisability of coercive pension fund contributions or assessments, and that is this could set a very dangerous precedent which could well lead to a point at which all investment of private pension funds would be federally controlled. It seems to me this is something which we must vigilantly guard against if we are to preserve the freedom and independence of our private institutions and the spirit of voluntary action which they have promoted.

President Nixon has pledged that the housing of our people is and must be a top national priority." The Emergency Home Finance Act of 1970 is a measure of the urgency which we attach to that priority. I would therefore urge its passage so that we might provide our Nation with the emergency housing relief which this would afford.

Mr. BOLLING. 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. 17495) to increase the availability of mortgage credit for the financing of urgently needed housing, and for other purposes.

The SPEAKER pro tempore (Mr. PRICE of Illinois). 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. 17495, with Mr. SISK 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. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the decision before the House of Representatives today centers on the question of whether Members of this body are going to live up to their responsibility to take effective action to meet the Nation's nearly overwhelming housing crisis.

That crisis is focused on the lack of available mortgage funds at reasonable rates, resulting in a reduction in housing starts to an annual average rate of 1.2 million units, only 46 percent of the volume required to meet our annual housing goals. Unemployment in the construction industry has reached a depression era level of nearly 12 percent.

Two-thirds of the Nation's families have been priced out of the housing market and the housing industry, which has suffered a nearly 50 percent reduction in activity in the past 18 months alone, is in a state of shambles. While almost every other industrialized nation in the world is moving rapidly forward to meet housing needs, the United States, the most powerful nation of all, is moving backward.

Mortgage interest rates during the past year and a half have been allowed to climb to the insanely damaging level of 9 percent and more. This alarming situation now confronting the Nation centers on the fact that the opportunity for homeownership is now extended only to those families with gross incomes of $13,000 to $15,000 a year. Data made available by the Department of Housing and Urban Development and the Census Bureau reveals that a minimum net income of $10,800 is necessary to afford the monthly payments on a house carrying a $20,000, 30-year, FHA mortgage. In short, purchasing a home is something that only the affluent can now enjoy.

A solution to the housing crisis can only be achieved if a large additional source of mortgage funds at reasonable rates is made available to the people who are prevented from entering the housing market. H.R. 17495, the Emergency Home Finance Act of 1970, provided that solution when it was reported to the full Banking and Currency Committee by the Housing Subcommittee. Title V, the heart of the bill, would establish a National Development Bank for housing to provide a minimum $4 billion a year to finance about 200,000 housing units a year for moderate- and middle-income families who cannot obtain mortgage loans from conventional lending institutions because of the shortage of funds, or who cannot afford the high cost of what few loans are available. Interest on Development Bank housing loans would not exceed 6½ percent a year.

Mr. Chairman, H.R. 17495 ceased to be an Emergency Home Finance Act in any real sense of the word when, by a close vote of 21 to 15, title V was deleted from the bill by amendment during full committee markup sessions. The money sections that remain in the bill provide funds for interest rate subsidies, but completely fail to bring one new dollar into the mortgage market. As a result, the bill, with title V deleted, tends to subsidize high interest rates and does not expand the capacity of the mortgage market to any appreciable extent. I do not mean to condemn interest rate subsidies. During periods when normal economic conditions prevail and adequate mortgage funds are available, interest rate subsidies have proven very useful in efforts to provide housing for low- and moderate-income families. But interest rate subsidies are of little help when mortgage loans are not available in the first place. Moreover, economic experts both in and outside the Government emphatically agree that demand for credit will substantially exceed the money stock during much of this decade. Our housing crisis is by no means an overnight situation.

This is why restoration of title V, establishing the National Development Bank for housing, is crucial to realizing a solution to this enormous housing problem.

Loan funds for the National Development Bank could be provided through congressional appropriations, the sale of Bank obligations to the Treasury and on the open market and, when necessary to achieve adequate levels, the required purchase of Bank obligations by private pension funds and privately controlled foundations. Bank obligations would have yields comparable to Treasury obligations, be fully negotiable and fully and unconditionally guaranteed by the Federal Government.

Designed in this way, funding the Bank for loan purposes need not be inflationary since purchase of its obligations could be done with funds that would be available for investment purposes in other areas of the economy having far less priority. By the same token, purchase of Bank obligations by pension funds and foundations would be without risk or sacrifice and would in fact constitute a superior investment, especially in terms of today's market conditions, for these institutions.

Maximum investment in Bank obligations by pension funds and foundations would not exceed 2.5 percent of the value of their total assets during any given year. This indeed is an extremely small requirement for institutions which have total assets valued at $156.2 billion and which enjoy enormous tax advantages. All title V really says is that private pension funds and foundations may have to invest in Bank obligations in amounts equal to sums they would have to pay in Federal taxes if they did not enjoy their present advantages in this area. But, instead of paying taxes, these institutions are merely being required to make a sound, prudent, completely risk-free investment.

In this connection, it should be noted that the Tax Reform Act, approved by Congress last year, removed the tax exempt status of privately controlled foundations, but only in a token way. These institutions are now required to pay a minute 4-percent income tax, which is about as burdensome as carrying a feather around. The Tax Reform Act also requires privately controlled foundations to give away all their earned income after taxes or 6 percent of their assets, whichever is greater. This is another way of saying that Congress has seen to it that the foundations are now doing what they should have been doing all the time in order to serve the purpose for which they were supposedly created and to be worthy of tax advantages which they enjoy.

The provisions of title V will not hinder the operation of foundations in any way. All it requires is that when necessary these institutions will have a very small part of their portfolios made up of Development Bank obligations which are

a far better investment than most of the assets they now hold.

Mr. Chairman, a large part of the opposition to title V stems entirely from failure to fully understand all of its provisions. Letters have been received by many Members of the House from persons objecting to the Development Bank because they think pension funds would not benefit from the purchase of Bank obligations. This is clearly not the case. The yields on Bank obligations would be far greater than the rate of return earned from investments and the sale of assets by these institutions. This is especially so when it is recognized that noninsured private pension funds, which comprise the bulk of pension institutions, have 55 percent of their assets, nearly $48 billion, in common stock which has experienced fantastic losses in the market during recent months.

The ability of the Development Bank to provide sound investment opportunities while furnishing desperately needed financial resources to meet the Nation's housing crisis for moderate and middle income families, has been fully recognized by the AFL–CIO, which has given its unreserved endorsement to title V. It hardly needs to be pointed out that this, the largest branch of organized labor in the world, represents 13.5 million workers, almost all of whom are beneficiaries of pension funds which are subject to the provisions of the title regarding investment in Bank obligations. Moreover, a member union of the AFL–CIO, the International Brotherhood of Electrical Workers, long ago abolished arguments against pension fund investments in residential housing. IBEW has more than 50 percent of its pension fund assets in just such investments. The fund is thriving and more than able to meet the requirements of its beneficiaries. The same can be said of other unions, such as the International Ladies' Garment Workers.

Mr. Chairman, the importance given to the National Development Bank for housing by the home building industry in general, the building trade unions and by the AFL–CIO itself is clearly indicated by the fact that the leadership of organized labor considers today's vote on title V to be the key vote on housing legislation this year. They see the Development Bank as the only meaningful thing in the Emergency Home Finance Act of 1970 in terms of meeting the Nation's housing crisis. By the same token, they are sharply aware, in this year of climbing unemployment, of the hundreds of thousands of new job opportunities Development Bank loans would create, particularly in the building industry.

Some opponents of title V also assert that it is unconstitutional. Nothing could be further from the truth. The American Law Division of the Library of Congress, in researching the question, reported that precedents supporting the validity of title V make it clear that the reach of the commerce power given the Federal Government by the Constitution includes this situation. The Law Division's opinion goes on to state that the Supreme Court has explicitly said the power of the Government "embraces regulations designed to promote the public convenience or the general prosperity, as well as regulations designed to promote the public health, public morals or public safety." Title V, the Law Division said, would stimulate the housing market and cause improvements in the economy through loans, grants and guarantees, and is a reasonable, rational exercise of power.

Still another equally invalid argument offered by opponents of title V is based on the assertion that it would take some time to organize the Development Bank and, therefore, it is not an immediate answer to the housing crisis. They talk as if the housing crisis can be eliminated next month, if not next week. A realistic view of the situation leads inescapably to the conclusion that the Nation is going to have a housing crisis on its hands for years to come. The universally recognized goal of 26 million housing units in just 10 years and our abysmally slow progress toward achieving that goal make that undeniably clear. Whether the Development Bank takes 6 or 8 months to organize and function is a small factor in terms of the time it will take to meet our housing goals. The real question is whether we will even approach our housing goals without an institution like the Development Bank for housing.

The question answers itself if we are left to rely on the remaining provisions of H.R. 17495 to meet the urgent housing needs of moderate and middle income families. Let me explain by citing other titles of the bill which are useful but limited, and under no circumstances provide a realistic answer to the Nation's housing crisis.

Title I authorizes a $250 million appropriation to subsidize loans from Federal home loan banks to member borrowers, chiefly savings and loan associations. The original draft of the title restricted the use of these funds to moderate income families and required that interest on mortgage loans be made available at rates no higher than 1 percent more than the rate paid by lending institutions themselves. These restrictions have been all but removed and there is no real guarantee now that the benefits of that $250 million subsidy will be passed to the people who need it most rather than the people who need it least.

Titles II and III establish secondary markets for conventional as well as federally insured and guaranteed mortgages, but there is no assurance—to say nothing of requirement—that any greater emphasis than presently exists be placed on mortgages for low-, moderate-, and middle-income families. These secondary markets will provide for a greater turnover of mortgage funds and, in this sense, they are beneficial to housing in general but not to the crisis area of our housing needs—low-, moderate-, and middle-income family housing.

Title IV makes available $1.5 billion for the Government National Mortgage Association special assistance program for low and moderate income families. But this is simply a case of providing increased interest rate subsidies without providing more mortgage loan funds to utilize those subsidies, even if the full authorization is appropriated.

Title VI simply continues for 1 year the temporary authority of the Secretary of Housing and Urban Development to set maximum allowable interest rates for FHA and VA federally insured and guaranteed mortgages. Continuation of the authority is necessary but in no way is it related to meeting the housing crisis.

Title VII has the potential for great assistance in meeting the housing crisis, but I am afraid that under present circumstances its potential may remain completely unrealized. This section of the bill authorizes the Federal Reserve Board to voluntarily relax rescrve requirements of Reserve system member banks to provide additional funds for housing. Unfortunately, the Chairman of the Federal Reserve Board strongly opposes the title and I doubt that it will be utilized until he and other Federal Reserve Governors change their minds—whenever that is.

Finally, title VIII is a miscellaneous section which provides some desirable items, but in no sense is it addressed to the job of overcoming the housing crisis.

I would like to make one observation, however, about section 808. The purpose of this amendment is simply to give insured savings and loan associations that have not yet reached their 20th year of insurance additional time, up to 10 years, in which they have to reach the 5 percent reserve requirement.

With dividend rates at an all-time high, the younger institutions are not able to compete with the older institutions who have already accumulated reserves in excess of 5 percent; and this amendment will permit the under-20-year-old associations to continue to make loans and pay a competitive dividend rate. These associations are operating under exceptional circumstances and need this additional time.

The basic effect of title V is to allocate credit for moderate- and middle-income housing. It is the only section of H.R. 17495 which does this by providing a large, additional source of mortgage credit at reasonable rates on a continuing basis, year after year. The Development Bank is designed to guarantee the availability of this credit regardless of budgetary problems, the economic climate or the competition of funds in both the public and private sector. This approach is the only method of overcoming the Nation's housing crisis.

Mr. Chairman, I must point out here that amendment of the bill to delete title V, the National Development Bank for housing, is largely if not entirely due to the opposition of the administration, which is apparently operating under a system of double standards. Last year this Congress gave the President authority for credit controls in order to provide the financial resources at reasonable rates that are required to meet the priority needs of the Nation—including the most pressing need, housing.

The President's adamant refusal to exercise that authority is matched by the administration's opposition to title V. Yet, at the same time, the administration has shown itself willing to bend over

backwards in its attempts to bail out the big bank creditors and wealthy stockholders of Penn Central Railroad after mismanagement by the Nation's sixth largest corporation had led the line straight into bankruptcy.

The contract between the administration's attitude toward the critical housing needs of the Nation and its pandering to a $7 billion corporation is appalling to say the least. If the President can move to give priority classification to the financial needs of the Nation's largest railroad, he ought to at least make an equal effort to meet the housing needs of two-thirds of the Nation's population—that part of our population which is priced out of the housing market. I know that most of the Members of the House on both sides of the aisle must feel this way.

Mr. Chairman, before ending this statement, I wish to point out that two perfecting amendments will be offered to title V at the proper time.

One terminates at the end of 10 years the authority of the Development Bank's Board of Directors to require the purchase of Bank obligations by pension funds and foundations. As it is now, the title leaves the authority open ended. The 10-year lifespan of the authority was chosen because it coincides with the time frame projected to fulfill the national housing goals of 26 million new and rehabilitated housing units.

The other amendment imposes a mandatory requirement that the Bank exempt from the required purchase of obligations those pension funds and foundations which are making voluntary investments in the type of housing which would be provided by the Development Bank. The amount of the exemption would be equal to the amount of voluntary investments.

In conclusion, Mr. Chairman, I wish to point out that, under the rules of the House, the amendment deleting title V, as reported by the committee, is subject to approval by Members of the Committee of the Whole. At the appropriate time I shall oppose this committee amendment, calling on House Members to decline deletion of title V. This is the only action possible to make the Emergency Home Finance Act of 1970 more than a hollow gesture by this Congress to meet the crushing housing needs that exist in the districts of every Member of the House.

I would like to note two corrections in the committee report.

On page 8 of the committee report, strike out the last two sentences beginning with "In addition" and ending "the Federal Government" and insert:

The Corporation would be exempt from taxation, Federal, State, and local, except for real estate taxes imposed by any State or local taxing authority.

On the top of page 9, strike out all that follows subsection (b) and insert:

If for such periods and in such circumstances as FNMA may require, the seller agrees to repurchase or replace the mortgage upon demand in the event of a default, or . . .

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

Mr. Chairman, I share the chairman's desire for expeditious action on the Emergency Home Finance Act. It is unfortunate that the history of this bill's origins appears to be as mysterious to some as the statuary on Easter Island. But it would be even more unfortunate for the people of the United States if partisan feelings engendered by misstatements were allowed to delay passage of this vital bill.

Let me set the record straight. This bill is the product of a bipartisan effort in the other body. It was enacted there by a vote of 72 to 0. It was in this same spirit that 72 Republicans and Democrats cosponsored an identical measure here. While the bill before us today is one introduced by the gentleman from Texas, it is laid before you with committee amendments reflecting a bipartisan effort to present a bill which is deserving of prompt enactment. The record will show that our concern has been to get this legislation enacted soon enough that it can be effective during this construction season.

Notwithstanding the fact that this bill is principally the product of congressional efforts, it is supported by the administration and several of its provisos were requested at one time or another by administration officials.

Title I of the bill is one of these. It will grant authority to the Federal Home Loan Bank Board to make minimal reduction in the costs of advances to member savings and loan associations and authorizes the expenditure of $250 million to encourage continued borrowing from the Board.

Savings are again beginning to flow into our savings and loan institutions. As inflationary pressures relax, this inflow will accelerate. When this happened back in 1967, associations used $2.633 billion of the $3.821 billion of new savings to repay borrowings from the Home Loan Bank Board. The program authorized under title I will encourage associations to keep present loans outstanding, using the funds instead to make additional mortgage loans. This can make $4 billion of new mortgage loans available.

Some have criticized our failure to set specific limits on eligible recipients of these loans establishing maximum incomes or maximum loan amounts. Let me say that after 36 years of trying to keep such limits current on FHA loans, we are moving toward administrative flexibility on these programs and could not see starting this program in this manner.

On the other hand, the record is clear that the assistance provided under this authority is expected to be directed to low and middle income families. The Chairman of the Home Loan Bank Board has assured us that administrative safeguards will be established to see that this intent is carried out.

Titles II and III of the bill authorize FNMA and a newly created Federal Home Loan Mortgage Corporation, under direction of the Federal Home Loan Bank Board, to operate secondary market facilities for conventional mortgages.

These facilities will serve a need long recognized.

Title IV will authorize additional funds for the Government National Mortgage Association's special assistance support of lower income housing. Because it had less budget impact, we would have preferred the version of this title enacted by the other body but yield here to the majority.

Title VI will extend until October 1, 1971, the present authority of the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs to establish maximum interest rates to meet mortgage market conditions. This is a poor substitute for the comparable provision of S. 3685—which is section 601. It does nothing to advance our efforts to eliminate the insidious practice of discounts. It disregards the recommendations of the Commission on Mortgage Interest Rates and other study groups which have endeavored to find ways to increase flows of mortgage funds, eliminate discounts, or reduce rates.

Our colleagues in the other body have taken a step forward by authorizing a trial until January 1, 1972, of a dual interest rate maximum as recommended by the Commission on Mortgage Interest Rates. We would much prefer to follow this course.

Under this dual rate arrangement, the present authority to establish maximums and permit the charging of discounts would be continued. But additional authority would be granted under which the lender and borrower could negotiate the interest rate freely and discounts would be prohibited.

Title VII is another controversial provision which we have opposed unsuccessfully in committee. We will have more to say regarding it during discussion of the committee amendments.

Title VIII is the normal conglomeration of miscellaneous provisions.

Mr. Chairman, though we feel that some provisions in this bill could better have been omitted, and some that are omitted would have proved useful, it is on balance a good bill and badly needed. It is an emergency measure in the truest sense and I am hopeful that we will here today conform our version as closely as practical to S. 3685 in order to minimize the problems of resolving differences and present this bill quickly to the President for signature.

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

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

Mr. BARRETT. Mr. Chairman, I thank the gentleman for yielding, and just in the interest of time, I think the gentleman will agree with me that we have full agreement on titles I, IV, and VII, and if we can all agree on them and I think that we can move very rapidly up to title V, and probably use a little time on that. That would cover the bill, because I would say that titles I, IV, and VII are the guts of the bill, excluding title V. And I think all of us, working harmoniously, can conclude action on the bill.

Mr. WIDNALL. I might say to the gentleman that I am somewhat limited in the amount of time I have.

Mr. BARRETT. I will say to the gentleman that I will give him my time because I am going to yield my time back

so we can move faster. And as I said, I think if we can move in harmony here we could finish the bill in less than an hour's time.

I thank the gentleman for yielding.

Mr. WIDNALL. I would agree with the gentleman from Pennsylvania on what he says: That we could finish the bill in less than an hour's time, but I cannot agree with the gentleman when he says that titles I, IV, and VII can just be accepted without any debate. There will be controversy on title VII.

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

Mr. PATMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, the Nation's economy continues to deteriorate: Gains in gross national product are wiped out by inflation; unemployment rises to more than 5 percent nationally, and even higher in many major labor market areas; and the consumer price index reaches higher and higher levels, without the slightest slackening.

And as usual, the Nation's housing industry bears the major role in the Federal Government's efforts to slow inflation and provide a balanced economy. Many administrations have grappled with this problem, but this administration has shown remarkable ineptitude in its efforts to protect housing from the impact of traditional fiscal and monetary tools. In January 1969, the beginning of the Nixon administration, housing starts had reached a level of 1.9 million units; by December 1969, the seasonally adjusted annual rate of housing starts had fallen to 1.3 million units. After a brief increase in early 1970, housing starts have again begun to drop; from nearly 1.4 million units in March, to 1.215 units in April, and now to 1.2 million units in May.

Clearly, there must be a tremendous upsurge in homebuilding during the second half of 1970, even to reach the 1.4 million level predicted by HUD Secretary Romney early this year. It is truly shocking for a Nation as wealthy as the United States to produce 1.4 million housing units when the demand for housing is at its highest level since the end of World War II, and when its most foremost housing experts talk constantly of the need for an annual rate of at least 2 million units.

The Emergency Home Finance Act of 1970 will provide some assistance to a beleaguered industry, but significant help to meet housing's short-term and long-term needs must wait until this administration and this Congress are ready to direct funds into housing. During our deliberations on H.R. 17495, two efforts were made by committee members to direct a substantial amount of funds into the mortgage market—Chairman PATMAN'S National Development Bank proposal and Congresswoman SULLIVAN'S Federal Home Loan Mortgage Corporation. Both of these novel approaches were defeated by the strong opposition of the administration and the great majority of the Republican members of the committee. Clearly, the administration is not willing to support the recommendation of Federal Reserve Board Chairman Arthur Burns, who wrote in a letter to the Senate:

> The Board believes that any new subsidies that are needed for housing should be included in the budget so that the Congress may weigh them against other Federal outlays and reduce other outlays or increase revenues to cover their cost.

Nor is the President ready to face the issue squarely as he himself recommended in a letter to the Senate:

> If the Congress wants to go beyond these programs, it should face the issue squarely by voting the needed subsidy in the budget and then taking whatever additional steps are needed to secure the funds by cutting other expenditures or raising taxes.

The administration is, therefore, content to permit Adam Smith's "invisible hand," and insignificant fiscal and monetary adjustments, to remain the chief weapon of our Federal Government in combating the mortgage crisis. Members of Congress, of course, realize that eventually we must face the recurring dilemma presented by the uneven impact of fiscal and monetary policy on our efforts to house the American people. Eventually, we must vote the necessary funds to do the job.

EXPLANATION OF THE BILL

TITLE I—REDUCTION OF INTEREST CHARGES FOR MEMBERS OF THE FEDERAL HOME LOAN BANK SYSTEM

This title would authorize up to $250 million to be used by the Federal Home Loan Bank Board to reduce the interest rates charged by Federal home loan banks on short-term and long-term loans to savings and loan associations to promote an orderly flow of funds into residential financing. These subsidy funds will be disbursed by the Board in accordance with the purposes of the title to help savings and loans maintain and increase their rate of mortgage lending.

The funds may be used to help finance the purchase of both new and existing housing. However, it should be made clear that, in view of the lowest vacancy rates since the end of World War II, the committee expects the Board to give primary emphasis to the financing of new or rehabilitated housing.

The bill contains a provision which was the subject of considerable controversy in committee. Under the bill reported by the Subcommittee on Housing, loans by savings and loan associations to individual homebuyers would bear interest at not more than 1 percent above the rate on advances subsidized by the Board; however, the bill as reported has modified this provision to permit the Board to establish the effective interest rate savings and loan associations may charge to potential homebuyers.

In addition, the subcommittee bill included a provision restricting the annual income of home buyers to benefit from the bill to those below the median family income in the area where the property is located. Although this administration, in H.R. 16643, has proposed that only those below median income be permitted to receive the benefits of Federal housing subsidies, the Chairman of the Federal Home Loan Bank Board, Mr. Martin, strongly opposed this provision and urged that the Board would take the necessary steps to assure that the benefits of this title were made available to low- and middle-income families. The committee strongly urges the Board to take such action. To the maximum extent possible, the reduced rate benefits of this title should be passed on to individual home buyers.

Loans made by savings and loan associations under this title would be limited to the maximum mortgage amounts applicable under the FHA section 203(b) or section 207 unsubsidized housing programs. In addition, not more than 20 percent of the funds appropriated under this title could be disbursed in any one Federal home loan bank district.

TITLE II—AUTHORITY FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION TO PROVIDE A SECONDARY MARKET FOR CONVENTIONAL MORTGAGES

This title would expand the purchase authority of the Federal National Mortgage Association to include conventional mortgages, in addition to the federally underwritten mortgages it now purchases and sells. These purchases would be limited to mortgages with a loan-to-value ratio of not more than 75 percent unless first, the seller retains a participation in the mortgage of at least 10 percent, second, for such periods and in such circumstances as FNMA may require, the seller agrees to repurchase or replace the mortgage upon demand in the event of a default, or third, the excess above such 75 percent is privately insured or guaranteed. It is the committee's expectation that any one of the three alternatives, in the discretion of the seller, will be acceptable.

FNMA would not be permitted to borrow in the capital markets to finance its activities under this title at any time that the Secretary of Housing and Urban Development determines that an offering of FNMA securities at that time would unduly inhibit the financing by the Government National Mortgage Association of its special assistance functions with respect to low- and moderate-income housing. In periods of high mortgage interest rates, the Federal Government's programs for low- and moderate-income housing should have priority over FNMA's secondary market activities in conventional mortgages.

The committee believes that FNMA has done an outstanding job in creating and operating a secondary market facility for FHA and VA mortgages. It has been the primary support for that market during the extreme credit conditions of the past 2 years. However, if, as seems likely, the current money market situation should continue for some time, the committee believes that FNMA should not implement this authority immediately. It should prepare for carrying out its new activity by establishing an appraisal system, drafting uniform mortgage documents, and making other preparations. The more effectively these activities are carried out now, the more effective market for conventional mortgages can be created when the pressure on the FHA and VA market has eased.

TITLE III—FEDERAL HOME LOAN MORTGAGE CORPORATION

This title would authorize the establishment of a secondary mortgage market facility, called the Federal Home Loan Mortgage Corporation, under the direction of the Federal Home Loan Bank Board. The Corporation would be a supplement to, and would have parallel authority to, the Federal National Mortgage Association under the expanded authority in title II of the bill.

The Corporation could purchase or make commitments to purchase residential mortgages secured by new or existing housing and by homes or by rental property.

Eligible mortgages would be as follows:

First. All Government insured or guaranteed mortgages.

Second. Conventional mortgages limited to ceilings comparable to FHA section 203(b) or 207 ceilings, with a loan-to-value ratio of 75 percent or less.

Third. Conventional mortgages limited to ceilings comparable to FHA section 203(b) or 207 ceilings, with a loan-to-value ratio of more than 75 percent if—

First, the seller retains a participation of not less than 10 percent in the mortgage; or second, for such periods and in such circumstances as the Corporation may require, the seller agrees to repurchase or replace the mortgage upon demand in the event of default; or third; that portion of the unpaid principal balance of the mortgage which is in excess of such 75 percent is guaranteed or insured by a qualified private insurer.

As is applicable to FNMA, the committee expects that any of the alternatives, at the discretion of the seller will be acceptable.

Like FNMA, the Corporation would be prohibited from borrowing to finance its activities under this title at any time the Secretary of Housing and Urban Development determines that an offering of the Corporation's securities would unduly inhibit the financing by the Government National Mortgage Association of its special assistance functions with respect to low- and moderate-income housing.

TITLE IV—GOVERNMENT NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FUNDS

This title would provide the most direct assistance to housing construction contained in this bill. It would provide an increase of $1.5 billion in GNMA special assistance authority to become available immediately under the direction of the President to increase purchases of mortgages underwritten by the Federal Government which require special assistance. The bulk of these funds will be used under the tandem plan to support the very active sections 235, 236, and rent supplement programs. If fully utilized, this authority will provide for the financing of approximately 200,000 homes and apartment units.

The need for these funds is evident from the President's recommendation that $1.5 billion be shifted from the congressional allocation of special assistance funds to the Presidential allocation. These funds, authorized by the Housing and Urban Development Act of 1969, should remain available and be utilized by the administration for those mortgages specifically designated by the Congress for low-cost-sales housing. The FHA low-cost single-family home program is as important to many of the Nation's citizens as the programs assisted under the tandem plan.

TITLE VI—FLEXIBLE INTEREST RATE AUTHORITY

This title would extend from October 1, 1970, to October 1, 1971, the authority of the HUD Secretary and the VA Administrator to waive the statutory interest rate ceiling on FHA and VA housing programs and to set maximum interest rates as the Secretary finds necessary to meet mortgage market conditions. The committee members deplore the fact that mortgage interest rates have risen to their highest levels in history: interest rates on FHA mortgages have reached 8½ percent, and many lenders insist on charging discounts in addition to such high rates. However, in most cases, the loan could not be made at all if the Secretary were not given this authority to set interest rates at the levels he determines necessary to meet the mortgage market. The inevitability of the need for this provision demonstrates again the need for Congress and the administration to take adequate long-range actions to assure mortgage credit to our citizens at reasonable costs.

TITLE VII—COMMERCIAL BANK RESERVES—INVESTMENT IN HOUSING

This title, sponsored by Congressman REES of California, could provide immediate and substantial benefits to the homebuilding industry, if the Federal Reserve Board exercises the broad and flexible authority provided by the committee. The FED would be given discretionary authority to permit member banks to use a portion of their required reserves as investments directly or indirectly to finance the construction or acquisition of residential real property.

Under the amendment, banks would be allowed to invest, for example, 10 percent of the approximately $30 billion now held in reserves in obligations of FNMA and the Federal home loan banks. The banks would, of course, earn income on what are now non-income-earning assets; however, in addition, substantial amounts of funds would be channeled into the home financing institutions.

Federal Reserve Board Member Sherman J. Maisel calculates that in 1966 the home construction industry bore 70 percent of the impact of the Nation's tight-money policy, although it accounted for only about 3 percent of the Nation's gross national product. This title of the bill represents a constructive effort to enable the industry to escape such an insensitive policy. If enacted into law and properly used by the FED, this title would provide significant help to the homebuilding industry, without in any way jeopardizing the central bank's vaunted independence.

TITLE VIII—MISCELLANEOUS

This title includes a number of provisions designed to make our housing laws more effective and enable savings and loan associations to better meet the Nation's housing needs.

Section 801 directs the HUD Secretary and VA Administrator to prescribe standards governing the amounts of settlement costs allowable in any area in connection with the financing of FHA- and VA-assisted housing. These FHA and VA standards would be consistent with each other and would be based on the HUD–VA estimates of the reasonable charges for necessary services involved in closings. In addition, HUD and VA would undertake a joint study and make recommendations to the Congress with respect to additional legislative and administrative actions needed to reduce and standardize new costs.

Sections 804 through 809 make various amendments to the laws governing savings and loan associations: section 804 permits saving and loan associations to provide collateral security for public funds deposited in saving and loan associations savings accounts; section 805 eliminates a prohibition in existing law regarding transactions between a savings and loan holding company and any of its affiliates, in order to permit the making of loans to affiliates or third parties on low and moderate housing projects developed by the affiliate; section 806 extend from 2 to 5 years, until February 14, 1971, the time during which divestiture must take place under the Savings and Loan Holding Company Act, which provided for the divestiture of nonqualified affiliates of savings and loan holding companies; section 807 authorizes federally chartered savings and loan associations to engage in statewide lending in States where State-chartered associations are allowed to engage in such lending; section 808 increases from 20 to 30 years the amount of time saving and loan associations may be given by the Federal Savings and Loan Insurance Corporation to build up their reserves to 5 percent of all insured accounts; and section 809 authorizes Federal savings and loan associations to accept, and act as trustees of trusts for, retirement funds of self-employed persons—Keogh-Smathers funds.

The committee believes these amendments will enable saving and loan associations to improve their operations and enable them to more effectively compete for savings funds.

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

Mrs. SULLIVAN. Mr. Chairman, this bill is known as the "Emergency Home Finance Act of 1970." It should perhaps be entitled instead the "Discovery Act of 1970." For at some point along the way, between the time the Democrats on the House Committee on Banking and Currency began working on such legislation and began pleading with the administration to help us write an effective bill to solve the emergency in home financing, and the time we finally got a bill out of committee in late May, President Nixon discovered that there was an emergency in home financing in the United States and that this bill had to be passed promptly.

His "great" discovery, like that of Columbus, was marred just a bit by the fact that he was mistaken in what he had discovered. He thought this was his bill, and that he had sent it up to us on February 2 and we had not done anything with it.

The President never did send us an emergency housing bill. Nor, as I said, did he or his officials give us any real help in writing this one. The administration did send us a recommendation for one title of this bill—a provision to subsidize the savings and loans in extending mortgages at the current market rate—or thereabouts—which will certainly do very little to expand the home mortgage market or reduce interest rates.

The emergency in home financing has grown entirely out of the high rates of interest this administration has not only condoned, but has encouraged. A $250,000,000 subsidy to the savings and loans contained in title I—will neither reduce rates nor build more than a tiny fraction of the new housing we need.

Nevertheless, because we were anxious to explore every possible avenue toward solving the mortgage crisis and enabling the people of this country to build or buy homes, the Democrats on the Banking Committee agreed to incorporate the only proposal the administration sent to the Congress for the savings and loan subsidy among all of the other provisions of the emergency bill we were working on. And so it is in this bill—for whatever good it can do. Few of us have any expectation that it will provide much of a solution. But it is there, and the President can take all the credit for it. We did not meddle with it, or cripple it in any way. If it accomplishes much in providing some additional homes, I will be the first to admit that President Nixon's housing bill—or his part of this housing bill—brought unexpected dividends to the home purchaser. We shall see.

Title II of the bill sets up a secondary mortgage market for conventional loans. We included just such a provision in the emergency credit control bill the House passed last fall, but the Senate conferees asked to have more time to consider this proposal. Now the Senate has agreed to what we had proposed in this area last year. So we are back where we were in December on this point.

Title III sets up additional secondary market facilities through another new instrument, the Federal Home Loan Mortgage Corporation. Under it the savings institutions will have an additional outlet for mortgage paper in order to recover capital to use for new loans. All of these things can help.

Title IV expands the special assistance authority of the Government National Mortgage Association by $1,500 million. This will help low income families, for whom we have voted extensive new programs in recent years to enable them to buy homes with subsidized mortgages, or to rent housing built with subsidized mortgages. This is a continuation and an expansion of successful programs instituted in previous years.

But after listing all of these provisions, we come to the one title of this bill which can really be considered an Emergency Home Finance Act proposal, and it is the only thing in the bill which can help the average American family obtain a home. Unfortunately, the committee voted largely on partisan lines to strike it from the bill.

Title V must be restored to the bill, by defeat of the committee amendment striking this title, if we are to end up with an effective emergency bill to assist the housing industry and the average family. It provides for a very substantial flow of brandnew money into the home mortgage field—a minimum of $4 billion a year—from sources not now participating in home mortgage financing. This money would be raised by a proposed National Development Bank which would receive its funds from bonds purchased by pension funds and foundations, funds which either pay no taxes at all, or virtually none, and which now account for a vast pool of $150 billion of investment money.

The $4 billion a year which would be made available to the National Development Bank through sale of bonds to pension funds and foundations would be available for direct loans to families which cannot obtain financing—at reasonable rates of interest—in the regular mortgage markets.

The direct-loan provisions of title V grew out of a bill originally introduced by me, with Chairman BARRETT of the Housing Subcommittee as cosponsor, to establish the Home Owners Mortgage Loan Corporation, H.R. 13694. We introduced that bill last September, and I offered it—unfortunately unsuccessfully—as an amendment to the Housing Act of 1969. It failed to attract a single Republican vote, which was too bad, and undoubtedly contributed to the feeling most Americans have developed over the years that the Republican Party, as a party, does not concern itself with this kind of problem of helping the average family to obtain better housing. Some Republican Members of Congress have done fine work in the housing field, but none of them voted for this proposal last fall. I hope they have given further thought to the importance of this kind of approach to the problem of decent housing for the families which pay most of the income taxes, and do most of the work in this country, and subsidize everyone else.

I shall do everything I can to restore title V to the bill. If we defeat the committee amendment, I will then offer a perfecting amendment to limit the interest which can be paid by the new National Development Bank to the pension funds and foundations required to invest a very small portion of their funds in the securities of the new mortgage bank.

Remember, only 2½ percent of the assets of any pension fund or foundation would have to go into this special area of mortgages. I feel that a 6-percent return, on bonds that can extend as long as 50 years, is a pretty good long-term investment for those funds—far better than they have averaged on their other investments, and far, far more than they have realized from their extensive investments in common stocks.

But that is a secondary issue to the main issue of getting title V restored to the bill. I hope every Democratic Member of the House will recognize that this is the only portion of the bill which can really breathe life into the home mortgage field, to meet the emergency in housing which President Nixon belatedly discovered last month when he called upon us to pass the bill he thought he had sent to us in February.

If title V is not restored to the bill, I intend to offer H.R. 13694 as a substitute device for getting mortgage money to the average income family—to those earning up to $12,000 a year, to obtain mortgages up to $24,000 at interest rates they can afford, that is, at 6½ percent or less.

This is not a vague or untested idea. We had weeks of hearings in the Banking Committee on this issue. And the administration's only substantive objection to it was that it would have a budget impact of $2 billion a year for 5 years. But this is money which would all come back to the Treasury at a higher rate of interest than the Treasury pays on any long-term bond outstanding, and a higher rate than it pays on the average on all public debt obligations. If we can afford to make long-term loans to Japan at 6 percent, we should be able to lend the mailman and the policeman and the teacher $24,000 at 6½ percent to buy a home. He will pay it all back, and we will get some housing in the meantime.

I urge this body to vote down the committee amendment striking title V from the bill.

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

Mrs. SULLIVAN. I am happy to yield to my colleague.

Mr. BARRETT. Mr. Chairman, is it not true that in title V, known as the National Development Bank, there would be no subsidies in it whatsoever?

Mrs. SULLIVAN. There is absolutely no subsidy. The gentleman is correct.

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

Mr. ANNUNZIO. Mr. Chairman, I rise in support of H.R. 17495, the Emergency Home Finance Act of 1970.

This bill attempts to lessen the crisis in the mortgage credit market by various subsidies to mortgage lenders and by means to improve the market for conventional mortgages. The bill, which is before the House this afternoon, does not contain any long-term program to provide new sources of funds for mortgages.

The Committee on Banking and Currency held 4 weeks of hearings earlier this year and asked the administration to come up with some kind of a package to assist the crisis in the mortgage credit markets. It is already on the record of this House that the administration's response was not known until late March and early April. The administration presented us with no immediate plan except for a suggestion that we provide funds to subsidize obligations of the Federal Home Loan Bank System so that they might make advances to member savings and loan associations so that the associations might continue to make mortgages.

I am sorry to see this bill become involved in a political donnybrook, but I do hope it can be passed this afternoon to include Chairman PATMAN'S National Development Bank, which I believe will go a long way in providing money so that American families may buy their homes in times of high interest rates and tight money.

Title I of the bill authorizes an appropriation not to exceed $250 million to be used by the Federal Home Loan Bank Board to reduce the interest rates charged by regional home loan banks on short-term and long-term loans to member associations in order that these associations might continue to provide an orderly flow of funds into residential mortgage financing. I certainly hope that the House will include language in the bill to assure that funds are used to assist low- and middle-income families to share fully in the benefits resulting from the disbursement of the subsidy funds.

Titles II and III of H.R. 17495 authorize the establishment of a secondary market for conventional mortgages to be set up under the Federal National Mortgage Association and the Federal Home Loan Bank Board. The purpose of these two titles is to provide a secondary market operation for the purchase and sale of conventional mortgages, such as we already have for FHA and VA mortgages.

I must admit that these two provisions will not provide immediate assistance in the mortgage credit market, but will go a long way to make the mortgage instrument more easily negotiable and to make the mortgage document much more uniform nationwide. FNMA in administering their secondary markets operations has done an outstanding job in creating and operating a secondary market for FHA and VA mortgages. I certainly hope that they shall continue to be primarily engaged in the FHA and VA mortgage market. But, their experience in these markets should enable them to provide a good operating secondary market for conventional loans. Also, the operations to be set up under the Federal Home Loan Bank Mortgage Corporation will be able to draw on the long-term experience of the savings and loan industry in handling conventional mortgages.

Title IV of the bill provides for an increase of $1.5 billion in GNMA special assistance authority to become available immediately. These additional funds would be used by GNMA under the direction of the President to increase its purchases of federally assisted mortgages. The President has stated that he can use $1.5 billion in GNMA special assistance, but would rather use funds available under existing authorization which we provided in last year's housing bill for the purpose of the purchase of single family FHA and VA mortgages. We all know that the moderate income families in America who live in these single family homes are in desperate need of assistance if they are to own their own homes. So I oppose the reallocation of the funds which we approved last year to this other category of the special assistance function, and I support the provision of this bill that would provide new funds that the President says he needs to purchase these Federally assisted mortgages.

As I have stated earlier, the most important provision of this bill is the National Development Bank, which was stricken from the bill by the Banking and Currency Committee. I shall vote to include it in the bill on the floor this afternoon. This provision will provide for the establishment of a National Development Bank to provide the needed funds for mortgage credit for low and moderate income American families. This provision establishing the National Development Bank specifies that the bank would issue obligations fully guaranteed by the Government at market interest rates to be purchased by private pension funds and foundations. This bank will provide a minimum of $4 billion a year, which would guarantee the funds necessary to purchase 200,000 housing units a year for low- and moderate-income families. No loans would be made by this Bank having an interest rate exceeding 6½ percent. The assets of these pension funds approximately amount to $130 billion, and I think it is about time that they begin to invest some of their tax-free funds into housing.

Title VI of H.R. 17495 extends the flexible interest rate authority of the Secretary of Housing and Urban Development and the Administrator of the Veterans' Affairs to waive the statutory interest rates ceiling on FHA and VA housing programs for 1 year.

Title VII, which was introduced by my distinguished colleague from California (Mr. REES) is an interesting and new concept that would provide discretionary authority to the Federal Reserve Board to permit member banks to use a portion of their required reserves as investments directly or indirectly to finance the construction for acquisition of residential real property. I certainly concur with the gentleman from California's amendment and would hope that the Federal Reserve would begin experimental use of this program.

Title VII of the bill contains various miscellaneous provisions. The most important one, I believe, is the provision to direct the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs to prescribe standards covering the amounts of settlement costs allowable in any area in connection with financing of FHA and VA housing. We are all well aware of the tremendous costs and ridiculous payments involved in the settlement of a mortgage. Reasonable standards and costs are desperately needed to be established. A number of savings and loan association amendments are contained in the bill which I strongly support. Among them is a provision to provide collateral security for public funds deposited in savings and loan associations. Most States and local governments require financial institutions in which public funds are deposited to provide collateral backing for such deposits in order to assure withdrawals. This provision would allow savings and loan associations to provide such collateral backing so that they might attract funds from public bodies, and thereby increase their mortgage lending. Section 808 of the bill was my amendment which increases from 20 to 30 years the amount of time insured associations may be given by the Savings and Loan Insurance Corporation to build up their reserves to 5 percent of all insured accounts. This longer term may permit additional associations to pay maximum dividends, thereby, attracting additional funds.

Mr. Chairman, I urge enactment of this bill and hope that the House will include the National Development Bank. If the Development Bank provision is included, then we here in Congress have come a long way to make sure that moderate-income families all across the country will always have an institution to provide mortgage funds at reasonable interest rates.

Mr. WIDNALL. Mr. Chairman, I yield to the gentlewoman from New Jersey (Mrs. DWYER).

Mrs. DWYER. Mr. Chairman, the need for increased availability of mortgage credit is such that our country cannot afford another day's delay in enactment of the emergency measures which are now before the House.

Not in over 100 years have Americans paid such high interest rates as they are paying today. The high cost of money and rising construction and land costs have spiraled the price of housing out of reach of over half of America's families. In most areas of the country houses priced at $15,000 are no longer being built, and houses which cost twice that amount are difficult to find. Lenders are charging home buyers as much or more than 9 percent, and it is not unusual for nearly two-thirds of a homebuyer's payments to go into interest charges.

The reason for this situation is that housing has been the special victim—the whipping boy—of general inflation. Credit restraints are designed to diminish the flow of capital. Unfortunately, mortgages suffer the most. They lack uniformity and cannot be easily sold, bought, commingled. Nor do they have a central market. Mortgages are not as liquid as corporate shares, bonds, or treasury notes. It is estimated that whereas the home construction industry accounts for approximately 3 percent of the gross national product, 70 percent of the impact of anti-inflationary measures fall upon the construction industry.

Traditionally, savings and loan associations and mutual savings banks have provided most of the residential mortgage credit which is supplied by financial institutions. However, when interest rates rise, savings and loan associations have difficulty bidding for savings because they are, by the nature of their investments, tied into fixed rates of return with relatively low yields. Savings and loan institutions need additional help to perform their traditional function in times of inflation when they are subject to this built-in disadvantage.

One important provision of H.R. 17495, the Emergency Home Finance Act of 1970, authorizes an appropriation of not more than $250 million to be used by the Federal Home Loan Bank Board to

reduce the interest rates charged by the Federal home loan banks on loans to member associations. This assistance is to be channeled by the Board so as to emphasize financing of new or rehabilitated housing with primary attention to the needs of low- and moderate-income families.

Other important provisions authorize the Federal National Mortgage Association to provide a secondary market for conventional mortgages and authorize the establishment of a secondary mortgage market facility for the Federal Home Loan Bank system which will parallel that of the Federal National Mortgage Association. These new secondary-market provisions will also help to increase the supply of mortgage credit.

Further, the bill provides for an increase of $1.5 billion in special assistance funds to be used by the Government National Mortgage Association for support of the publicly assisted, privately built programs for low- and moderate-income families, particularly the popular interest-rate subsidy programs for homeownership and rental housing.

This administration has expressed its concern and urged the passage of emergency measures since the beginning of this year. We in the Congress must do all we can to make certain that realistic solutions are put into effect. We cannot substitute the catharsis of politics for progressive action.

The need for housing has been spelled out over and over again. The National Advisory Commission on Civil Disorders, the President's Committee on Urban Housing, and the National Commission on Urban Problems concurred as to the general magnitude of the need—26 million units before 1978.

The alarming fall in housing starts gives further evidence of the need for immediate increased availability of mortgage credit. In April, housing starts ran at a seasonally adjusted annual pace of 1,181,000, down over 14 percent from March's upward revised 1,384,000. A year ago starts were running at over 1,500,000.

The inadequacy of this rate is painfully obvious when it is compared to the rate required to meet the housing goals which were set forth in the landmark Housing and Urban Development Act of 1968. Evidently, if this goal is to be achieved and decent housing and a suitable living environment is to become a reality for our people, we must raise the rate of housing starts to over 2,500,000.

The Emergency Home Finance Act must be passed immediately as a first step and as a prerequisite for further action. That is why I today rise in its support.

(Mr. WYATT, at the request of Mr. WIDNALL, was granted permission to extend his remarks at this point in the RECORD.)

Mr. WYATT. Mr. Chairman, I rise in support of this very vital legislation. It is important not only to the entire Nation, but doubly so to my home State of Oregon which is so dependent on the lumbering industry.

Mr. Chairman, every day I receive letters and telephone calls expressing deep concern over the economy in Oregon.

Every day I get reports of lumber and plywood mills being forced to either sharply curtail their operations, or close down entirely.

Because of the stagnant home building market, unemployment in my State is running far above the national average and in some areas is running as high as 12 and 15 percent.

I can sympathize with President Nixon's efforts to get a handle on inflation. But I feel it is unfair that Oregon must bear a double burden because the high interest rates strike first at the lumber industry.

As you know, the bill releases an additional $250 million to member institutions of the Federal Home Loan Bank system to increase the availability of mortgage credit for the financing of urgently needed housing.

The net effect will be to reduce interest rates, and in turn generate additional funds through the expansion of mortgage loans by the member institutions. The funds will be made available for housing for low- and middle-income families, where the need is greatest.

This bill is not the ultimate solution to our housing woes. But is a very positive, and very welcome, relief both for the housing industry and for the lumbering business. The interest subsidy provided in this bill will make available approximately 200,000 additional individual mortgages.

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

Mr. HALPERN. Mr. Chairman, I rise in support of this legislation. It is essential that this House lose no further time in enacting this vitally needed, long overdue bill.

I fervently appeal to my colleagues to vote against the committee amendment striking out title V and trust that this much-needed Development Bank will be restored to this legislation.

Mr. WIDNALL. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. STANTON).

Mr. STANTON. Mr. Chairman, H.R. 17495, the Emergency Home Finance Act of 1970, is a bill to increase the availability of mortgage credit for the financing of urgently needed housing. Our distinguished ranking minority member (Mr. WIDNALL) has done an outstanding job of explaining the titles of this bill.

Within the framework of this legislation is an attempt to reduce interest charges for members of the Federal Home Loan Bank system and establish secondary markets for conventional mortgages under the Federal National Mortgage Association and the Federal Home Loan Bank system. In addition, it authorizes additional funds for the Federal National Mortgage Association and it extends the flexible interest rate authority for FHA–VA mortgages.

Mr. Chairman, the Emergency Home Finance Act of 1970 is primarily the effort of the Federal Home Loan Bank Board Chairman, Preston Martin. Mr. Martin has stated clearly that with an appropriation of $250 million for the Federal Home Loan Bank Board, the money would be used to adjust interest rate charges to members to promote the orderly flow of funds into residential construction.

The $250 million authorization would permit us to raise advances through savings and loan associations and to increase mortgage lending of $4 billion a year. This can mean 240,000 housing starts. The secondary market provision for a Federal Home Loan Mortgage Corporation could provide $2 billion a year additional funds for home mortgages. This would be the equivalent of about 80,000 additional family homes.

Mr. Martin has assured the Congress that he is ready to move just as soon as this money is appropriated and this legislation is passed.

Mr. Chairman, this legislation before us passed the other body on April 16th by a 72-to-0 vote. It is nonpartisan in its approach. Its passage is strongly urged by all concerned parties involved in building additional homes in our country. It is my sincere hope that it will receive an overwhelming vote in the House of Representatives today.

Mr. Chairman, during the Banking and Currency Committee's executive sessions on the emergency home finance bill, I asked that certain language relating to the use of special assistance funds for the benefit of Guam be included in the committee report on the bill. The language read as follows:

> The Committee recognizes the need and desirability for continuing the Program II Special Assistance Fund for Guam, particularly in light of the fact that the Government National Mortgage Association has apparently determined to restructure the program to ensure that the funds will be primarily devoted to financing housing for lower income families. The Committee asks that the President give consideration to allocating not less than $25 million out of the funds authorized by Title IV of this bill to Guam.

Unfortunately, this language was inadvertently omitted from the committee report due to the committee's efforts to report the bill to the House prior to the Memorial Day recess.

I would like to ask the distinguished chairman of the subcommittee, the gentleman from Pennsylvania, to confirm the intent of the committee relating to the use of special assistance funds for Guam, and to confirm that the language I have read should be regarded as if it were contained in the committee report.

Mr. BARRETT. Yes, I agree with the gentleman from Ohio. He is absolutely correct.

Mr. STANTON. I thank the gentleman from Pennsylvania. I yield back the remainder of my time.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from California (Mr. HANNA) such time as he may require.

Mr. HANNA. Mr. Chairman, I rise as a member of the Banking and Currency Committee to support the committee version of this emergency legislation and to urge its prompt passage. Members of this House in general are painfully aware of the financial crisis in the construction industry. Those of us serving on the committee with general jurisdiction over housing legislation are even more acutely affected by the seriousness of these conditions. The bill before you although

not a panacea and certainly with no claim to perfection in detail affords several channels of relief to those financial institutions peculiarly designed and originally intended for service to the housing industry.

It should be noted that the bill as passed by the other body created no new institutions and originated only one new type program. Interestingly in the conflict in committee the members including a majority on both sides of the aisle rejected the new institution suggested by Chairman PATMAN and at the same time deleted the new program which had come over as the Proxmire last minute compromise, forged in floor debate. What has emerged is a sensible accommodation to the emergency. A series of provisions provide funds and extend authority to the already operating agencies. This will insure quick reaction and the earliest predictable improvement of meaningful money flow for new housing with great emphasis on moderate and low-income shelter.

Members can comfortably commit their support to the committee version with knowledge that it has maximum support and minimum objections from Government and private sources. We need action and need it as soon as possible. This bill as recommended by the majority of the committee holds the best promise of an answer to the need and to the speed.

Mr. PATMAN. Mr. Chairman, I yield whatever time he may require to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding. The Emergency Home Finance Act of 1970 which we just considered was originally intended to provide needed mortgage funds for low- and moderate-income families. the amendment added in committee unfortunately struck title V, which would have established the vehicle for providing greatly needed assistance for people who have been locked out of the private home market.

In introducing similar legislation, I was greatly concerned about the low- and middle-income American who was both unable to compete for conventional private home financing, and also unable to qualify for federally assisted housing programs.

These Americans—and believe me, there are many of them—find themselves trapped in the twilight zone of the residential mortgage market.

The able chairman of the House Banking and Currency Committee, the gentleman from Texas (Mr. PATMAN) sought to reinstate the title V provision for a national development bank. If reinstated, this bank would have provided a minimum of $4 billion a year for low- and moderate-income purchasers of private dwellings.

The best feature of this provision was that it would not cost the taxpayers a cent. The funds would have been raised through the sale of bank obligations to tax exempt private pension funds and nearly tax exempt private foundations.

Proper safeguards were written into the measure to assure that present mortgage markets would not be adversely affected by the infusion of new money. The provisions were aimed solely at those Americans who are not able to acquire mortgage funds for private homes.

It is a tragedy that a majority of my colleagues failed to support the Patman amendment reinstating the title V provisions. The need for new mortgage money is denied by no one in this body. This measure would have been an excellent first step toward closing the home mortgage money gap and helping many of our low- and middle-income Americans see the possibility of new housing in their future.

Mr. Speaker, I would further add that had this amendment passed, the gentlewoman from Missouri (Mrs. SULLIVAN) would then have introduced an amendment limiting the maximum rate of interest the development bank would have charged for these mortgages.

I strongly supported her efforts to limit that rate to 6 percent. However, a rate pegged to the yield on Government bonds, or a rate based on the lower of the two taken into consideration together, would also have been acceptable and beneficial.

The key here is that the individual who is unable to buy his own home because he cannot afford the present high conventional mortgage loans, or who is found unacceptable by a bank for such a loan, has to be helped. The only way to help this low- or middle-income person is by making available the necessary mortgage funds and then fixing the rate of interest low enough to permit him to meet his monthly payments. The private market cannot do this alone. Some form of Government assistance is necessary. Both proposals by Mr. PATMAN and that by Mrs. SULLIVAN greatly merited the favorable consideration and acceptance by this body.

While the passage of H.R. 17495 is a step forward, I will continue to seek legislation that will do more to help the low- and middle-income Americans buy their own home. Further measures are necessary if the tight private home mortgage money market is to be eased soon. And, at the same time, we must establish procedures to reduce the high mortgage interest rates now facing the prospective private home buyers in this income group.

Mr. WIDNALL. Mr. Chairman, I yield whatever time he may require to the gentleman from Idaho (Mr. MCCLURE).

Mr. MCCLURE. Mr. Chairman, this bill is concerned with the construction of housing and addresses itself to financing such construction. It does not, however, even touch on an underlying problem which will become all too apparent if the financing provided proves effective in its stated aims. Our housing needs have been identified as 25 million to be constructed in the next 10 years. This has been reduced to an average of 2.5 million housing starts each year. While I do not really believe that this legislation will result in fully meeting this goal immediately, it can go a long way toward it, and I cannot state too strongly my belief that we must do so. I do want to point out, however, that we will have put a tremendous strain on our building supplies long before we approach that goal.

Earlier this year this House had an opportunity to fully discuss this problem when it had under consideration the National Timber Supply Act. Unfortunately the attention of Members was diverted from this basic problem by charges that the legislation was aimed at destroying the multiple use of our public lands. Most of the discussion was directed to this contention and the House disposed of the proposal on that basis. The problem remains, however, and must someday be faced. Until we confront the necessity of increasing production of forest products we will not be able to meet our building needs. However, I will not attempt to solve that problem now.

There is another problem which is inextricably interwoven with that of the supply of building materials, and that is the question of exports of logs. The rising volume of log exports to Japan poses a very serious threat to the forest products industry and to housing construction. This threat became so severe that a limitation on exports from public lands of the Western United States was enacted by the Congress. The problem persists, however, and the limitation will soon expire. It had been my intention to offer language to extend the limitation as an amendment to the pending legislation. Although I do not necessarily agree, I was advised by the House parliamentarian that my amendment would be subject to a point of order, and I have, therefore, decided not to offer it at this time. This, too, is an issue which must be confronted soon if we are really serious about meeting our housing goals. The gentleman from Oregon (Mr. DELLENBACK) has offered separate legislation to accomplish this end and I am joining in that effort. I am sure others will join, too. I call this to the attention of all Members and urge that it be given early and favorable consideration.

Mr. WIDNALL. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Chairman, I rise to ask the gentleman from Texas about the language on page 10 of the bill which states in part: "to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation and benefits of officers, employees, attorneys, and agents, all without regard to any other law except as may be provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of this sentence. Nothing in this title or any other law shall be construed to prevent the appointment, employment, and provision for compensation and benefits, as an officer, employee, attorney, or agent of the Corporation, of any officer, employee, attorney, or agent of any department, establishment."

My question: is this normal in the establishment of a new Government corporation that the number of employees, compensation, and conditions of employment are left to the determination of offi-

cials of the corporation without regard to civil service?

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

Mr. GROSS. I am glad to yield to the gentleman from Texas.

Mr. PATMAN. I would like to suggest to the gentleman that this is a part of the HLBB secondary market and does not involve public funds. It involves private funds. To that extent it is different from the situation outlined by the gentleman from Iowa, but I certainly concur in what he said.

Mr. GROSS. I see. So there will be no civil service conditions with respect to employment under the terms of this bill. Is that correct?

Mr. PATMAN. I understand a motion will be made to put the civil service requirements back into the bill.

Mr. GROSS. In this section of the bill? In this title of the bill?

Mr. PATMAN. Yes.

Mr. GROSS. That is helpful.

Let me ask about the General Accounting Office and its authority to audit the books of this Corporation. Do I understand that an amendment will be offered to give the GAO such authority?

Mr. PATMAN. I understand an amendment will be offered to eliminate that part.

Mr. GROSS. To eliminate the restrictive language in the bill?

Mr. PATMAN. That is correct, and the appearance before Congress for clearance, and so on.

Mr. GROSS. I thank the gentleman.

Mr. DELLENBACK. Mr. Chairman, the passage of H.R. 17495 is vitally important. This bill would significantly increase the availability of mortgage credit for home financing. Its passage would be a vital stimulant for the housing industry throughout the Nation and for the economy of the State of Oregon.

The extremely long period of time which it has taken to bring this bill before the House for action is most unfortunate. The Senate acted on this measure more than 2 months ago. In the crisis economic situation in which we find the Nation at this time, surely the leadership of the House could and should have had this bill before us for our approval long before today.

The absolutely imperative fight to control inflation has hit homebuilding and my district, the Fourth District of Oregon, disproportionately and unfairly hard. We need this help and we need it now.

I urge my colleagues to join in supporting the passage of H.R. 17495.

Mr. PRICE of Illinois. Mr. Chairman, I rise to express my concern over the current housing crisis caused by the unavailability of mortgage credit.

My district is in desperate need of housing. Today, in the pressure of inflation, mortgage loan funds are tight. It has become virtually impossible for homebuyers to secure mortgage loans. It is of utmost importance that measures are taken now to ease credit. This bill is a means to make the needed credit for the financing of housing more readily available.

Provisions are included to reduce interest rates, to provide special assistance funds and means to establish secondary markets for conventional mortgages. Of great importance is the provision that permits the investment of bank reserves, because this will provide immediate relief to the residential construction industry.

There is a present crisis in housing. Mortgage credit must be eased. There must be prompt relief from the high interest rates. The administration has taken no action to resolve this crisis. The time has long since passed when the administration can give more than vocal support for any housing measure. Any positive action to be taken is entirely up to Congress. This bill will afford some relief. I urge that it be adopted.

Mr. UDALL. Mr. Chairman, I would like to make some brief remarks in reply to those who criticize establishment of the National Development Bank for housing on the grounds that required purchase of bank obligations by private pension funds and privately controlled foundations would damage these institutions.

Several months ago Chairman PATMAN presented a statistical analysis of the 100 largest noninsured pension funds in the Nation in the CONGRESSIONAL RECORD. It disclosed that two-thirds of the funds had a rate of return of less than 4 percent in 1968; 27 funds earned between 4 and 5 percent and only seven funds had a rate of return in excess of 5 percent. I should add that the assets held by these pension funds constitute nearly 40 percent of the assets of all noninsured private pension funds in the conutry.

The rate of return was based on income earned from assets and the sale of assets. The analysis did not utilize unrealized gains from appreciated value of stock, something that would be very interesting to look at during the latter half of last year and the first 6 months of this year.

As an example, the Joint Economic Committee compiled a list of 15 stocks in which private pension funds have large holdings, showing the value of the stock when it reached its 1969 peak and the value in May of this year. In all but two cases, the value of the stock had dropped at least 50 percent and in half the cases there had been a drop of at least 75 percent.

Mr. Chairman, I would like to hear a pension fund administrator or the trust officers of large banks which handle pension fund assets explain how these investments have been such a good thing for the beneficiaries of private pension funds while the purchase of Development Bank obligations, which would have market yields, be fully negotiable, and fully and unconditionally guaranteed by the Federal Government, would be such a bad thing.

To correct their own mistakes, the administrators of private pension funds would have done much better to have come to Capitol Hill to support title V if only as an act of contrition for their own lack of judgment and concern for the beneficiaries of the funds.

Mr. ICHORD. Mr. Chairman, I rise in support of H.R. 17495 which is drastically needed by this country in order to increase the availability of mortgage credit for the financing of urgently needed housing.

It is very depressing when you realize that FHA overall mortgage rates have jumped from 7.99 percent in February 1969 to approximately 9.29 percent. As George Meany, president of the AFL–CIO recently told President Nixon, rising interest rates have practically stopped the housing industry in its tracks. Homes go unbuilt and thousands of Americans are denied one of the fundamental rights of every American—adequate and decent housing. Today, fewer than 20 percent of our families can afford a house priced half way between the cheapest and the most expensive. Housing Secretary George Romney admits it. Indeed, he says a new house priced at the national median would cost $27,000.

What does a typical new median-priced house cost, financial with a 30-year, 8½-percent mortgage? It would cost more than $290 a month, including taxes, insurance, utilities, maintenance and repair.

To afford such a house without stretching beyond reason, how much would a family need to earn? $14,000 a year? Fewer than one family in five has this high an income. Contrasted to this, just 5 years ago, two families in five (not just one in five) could afford the median-priced home.

This bill should be passed as quickly as possible. We have already dilly-dallied too long while the situation continues to worsen. However, I would caution that this measure does not solve the long-range problems of the housing industry and I express the hope that the committee will soon bring before this body legislation that will provide new sources of funds for mortgage credit on a long-term basis.

Mr. BRASCO. Mr. Chairman, I rise in support of H.R. 17495 and would like to point out that section 809 is the result of an amendment I offered in full committee. This section would give Federal savings and loan associations authority to act as trustees for the retirement funds of self-employed persons under the 1962 Keogh-Smathers law. The Internal Revenue Code already provides that savings and loan associations are eligible to handle these funds, but certain enabling legislation must be enacted which would modify the basic Federal savings and loan statute.

This amendment would enhance the ability of Federal savings and loans to finance homes. It would permit these institutions to obtain these long-term retirement funds which properly should be invested in long-term home loans. The laws of 11 States already permit State-chartered associations to act as trustee for these funds. These States are Arizona, Illinois, Maine, Maryland, Nevada, New Jersey, New York, Oklahoma, Oregon, Pennsylvania, and Texas. This amendment would permit Federal savings and loan associations to do likewise and over the years would increase their home lending ability by millions of dollars.

Mr. ROTH. Mr. Chairman, housing again has become the special victim not only of inflation but also of the particular mix of monetary and fiscal policies which have been employed to keep infla-

tion under control. The President has recognized this situation and spoken out, as has the Secretary of the Department of Housing and Urban Development, the Honorable George Romney.

However, this is not a partisan issue, as we can see from the Senate vote on April 16. On that day the Senate passed S. 3685, the Emergency Home Finance Act of 1970, by a vote of 72 to 0. On April 30, I cosponsored an identical bill, H.R. 17381. The bill before us today, H.R. 17495, is a similar bill. Introduced on May 6, it was reported out of the Banking and Currency Committee on May 28 with amendments. Today I urge the immediate enactment of H.R. 17495 to help in supplying much needed emergency relief to that half of our population which is now unable to finance the purchase of a mortgage at current interest rates.

H.R. 17495 would authorize $250 million for interest subsidy for advances to savings and loan associations from the home loan bank system. Traditionally, savings and loan associations and mutual savings banks have provided the major portion of the residential mortgage credit which is supplied by financial institutions. However, today, when interest rates have risen to heights unprecedented in over 100 years, savings and loan associations have difficulty bidding for savings because they are tied to fixed rates of return and relatively low yields by the very nature of their investments. The subsidy to be used by the home loan bank system would help the savings and loan associations to perform their traditional function despite their inherent disadvantage in the present period of inflation.

The bill also provides for setting up a secondary market for conventional mortgages in both the Federal Home Loan Bank Board and the Federal National Mortgage Association, which currently provides a secondary market for mortgages insured by the Federal Housing Administration only. These two new secondary mortgage markets would also increase liquidity in the mortgage market and assist in the easing of mortgage credit.

The current shockingly high rate of interest is taking its toll. In most areas of the country houses at $15,000 are no longer being built and houses at $30,000 are hard to find. At these rates of interest it has been estimated that nearly two-thirds of the payments of today's homebuyer will go into interest.

This situation is reflected in our figures on housing starts. Recently released figures show that housing starts have declined again in May, the 13th drop in 16 months. New starts fell last month to a seasonally adjusted rate of 1,200,000 units from a year-earlier pace of 1,533,000. That these rates are patently inadequate is obvious when we compare them to the annual rate for housing starts which is required if we are to achieve the goal of a decent home and a suitable living environment set forth as our goal in the Housing and Urban Development Act of 1968, 2,600,000 units.

We can reverse this trend of decline by enacting H.R. 17495, which, as estimated by the administration, could produce about 200,000 more starts than we would otherwise get. It would be irresponsible for us to fail to do so.

Mr. GALIFIANAKIS. Mr. Chairman, the Emergency Home Finance Act before the House today is the most positive step so far to meet the housing crisis facing the United States.

It has been estimated that, in the next 10 years, the United States must build 26 million new housing units to stay even with the needs of our population. Yet, in 1969, the combined total of public and private housing units was 1,496,000, more than 50,000 less than the year before.

The bill we are considering today will do much to relieve our present housing crisis. It will help many Americans buy their own homes at a time when mortgage credit is often unavailable because of high interest rates and a tight-money policy.

This bill will not only help those who want to buy their own homes, but it will help the homebuilders, realtors, the savings and loan companies, and the insurance industry, as well as all other related businesses.

I realize that there are disagreements over certain provisions of this bill. But I am confident that the House will not let those disagreements halt the passage of this vitally needed legislation.

Whether this bill will have a permanent effect on mortgage credit, or instead will simply postpone our problems, is something that time will tell. I am sure that our home credit problem will remain with us until the Congress acts to control the cause of the difficulty: the rising inflation.

In the next few years, with the additional housing pressure caused by veterans returning to the United States, we will undoubtedly have to enact other pieces of legislation.

But this bill will help those who are having trouble in securing homebuilding credit today. And if we do not begin by helping the people who cannot buy their own homes right now, we will fall further and further behind, until we arrive at a housing calamity.

Mr. Chairman, I urge every Member of the House to support this bill.

Mr. BRADEMAS. Mr. Chairman, there has been much discussion recently of the serious housing shortage currently confronting the Nation. Inflation and high interest rates are making it impossible for the United States to meet its national housing goals.

Not only low-income families but moderate-income families as well are increasingly unable to find housing which they can reasonably afford.

The Emergency Home Finance Act of 1970 represents an effort to relieve this housing crisis and to provide assistance to the Nation's crippled housing industry by increasing the availability of mortgage credit.

Mr. Chairman, several weeks ago I had the opportunity to address the Mid-Year Conference of the Mobile Housing Association of America. At that time I stressed the severity and urgency of the current housing crisis. I also pointed out several respects in which the mobile homes and modular housing industry can make significant contributions toward the solution of this housing problem.

Mr. Chairman, because my remarks on that occasion are, I believe, relevant to the current debate on the housing crisis and to the bill under consideration, I insert my address at this point in the RECORD:

ADDRESS OF CONGRESSMAN JOHN BRADEMAS

It is a great pleasure to meet with you here today. I am particularly pleased to be with you * * * because of the importance of your industry to my Congressional District because of the emerging role of the mobile-home industry in the efforts of Congress to cope with the national housing problem.

ELKHART, INDIANA—MOBILE HOME CAPITAL OF THE WORLD

As you may know, a major city in my district, Elkhart, Indiana, has emerged as the "mobilehome capital of the world." Indiana now produces more than 1/6 of the nation's total output of mobile housing, and mobilehome production is Indiana's fifth largest industry.

Arthur J. Decio, President and Chairman of the Board of Skyline Corporation, the nation's largest manufacturer—is a prominent civic leader in my District and in the mobilehome industry nationwide. Indeed, just last month Arthur Decio was elected president of the Mobile Homes Manufacturers Association, a recognition of the imaginative leadership which he has been giving to the American mobilehome industry.

Today I would like to discuss with you three major topics. One of these is the worsening dimensions of our nation's housing problem . . . another, the legislative and administrative efforts to deal with this housing crisis . . . and the final issue is the unique and crucial role which your mobile housing industry can and must play in the solution of this problem. For many Americans today, mobile and modular housing is the only path to home ownership which they can reasonably afford.

RECENT MOBILE HOUSING LEGISLATION

Last fall, for the first time, the mobile housing industry command national legislative attention. Senator Fritz Hollings of South Carolina in the Senate, and I in the House, introduced legislation which permits the FHA to guarantee loans for the purchase of mobile housing. The provision became law as part of the Housing and Urban Development Act of 1969.

Federal regulations governing the administration of the provision were just published on March 31. Under the regulations, buyers will be able to borrow up to $10,000 to buy a mobilehome. The loans may be for terms up to 12 years, with an effective annual interest rate ranging from 7.9 percent to 10.5 percent.

The regulations require a down payment of 5% of the total price up to $6,000, plus 10% of the price above $6,000. The loan may cover accessory items, transportation of the unit to the site where it will be occupied and the initial insurance premium on the home. Lenders will be insured for up to 90% of any losses they might sustain in making mobilehome loans.

Because the Farmers Home Administration (FmHA) has traditionally been the rural counterpart to the FHA in urban areas, I have recently introduced an amendment to the Housing Act of 1949 (introduced in the Senate by Senator Fred R. Harris of Oklahoma as S. 3524) to make FmHA direct and insured loans readily available for the purchase of mobilehomes in rural areas. The bill has been referred to Committee; hearings will probably be held in the next few months together with hearings on the Nixon Administration's entire housing package.

But in my opinion, these legislative gains

are only a start in the direction of finding an adequate solution to the Housing Problem, and they only begin to tap the potential contribution of the mobile housing industry to the solution of that problem.

DIMENSIONS OF THE NATIONAL HOUSING PROBLEM

Stated simply, the housing problem facing this nation today represents a dual task: first, that of providing decent or adequate housing for that portion of our population now living in substandard dwellings; and, second, that of producing sufficient housing units to accommodate the anticipated population increase between now and the end of this century.

We are all familiar with the current and unprecedented dimensions of the "shelter shortage". A 50% population rise will increase the population of the United States by 100 million people by the year 2000. Vacancy rates were down to 4.7% in the fourth quarter of 1969, the lowest rate since the housing shortage immediately after World War II. And rising affluence in some sectors of the American economy demands an increasing number of new dwelling units.

To satisfy these needs, the housing industry must produce as many dwellings in the next thirty years as have been built since this continent was first settled. Specifically, 26 million additional units of housing must be constructed or rehabilitated by 1978, of which 6 million units are required for low and moderate income families. These estimates are the concurring results of studies by The National Advisory Commission on Civil Disorders, the President's Committee on Urban Housing, and the National Commission on Urban Problems.

POPULATION INCREASES

More than half the total of the new or rehabilitated housing is needed just to keep pace with the growth in population. We need the rest to replace or modernize dilapidated or generally substandard housing. The need for adequate housing among our lower income citizens has been spelled out over and over again. The National Commission on Urban Problems found at least 11 million substandard and overcrowded units in the U.S.—approximately 16% of the total inventory.

SUBSTANDARD RURAL HOUSING

Today's housing problem touches the rural poor as well as urban families. Three-fifths of the 11 million substandard units are estimated to be located in rural areas, and 36% of all rural housing is substandard, compared with only 10% of all urban housing.

The rural housing problem has deepened since the 1965 Department of Agriculture Report, "Rural People in the American Economy". That report found 1½ million rural families living in dilapidated housing and another 3½ million living in housing in need of major repair and deteriorating. For example, one out of every 3 rural homes does not have a bath, 1 out of 5 does not have running water, and 3 out of 5 are without central heating. It was indeed this very data on the condition of rural housing which convinced me of the need for the amendment I earlier discussed to permit the FHA to extend loans and to guarantee mortgages on the purchase of mobile homes in rural areas.

MODERATE-INCOME HOUSING SHORTAGE

But the Housing Problem is by no means limited to lower income families. A recent article in Fortune Magazine states that families with incomes of around $8,000 are being left high and dry because houses selling for $15,000 are no longer being built in most parts of the country. Not only have prices risen, but the percentage required as down payment has also crept up and the period of amortization has been shortened. It was only two weeks ago that Secretary Romney of the Department of Housing and Urban Development told the MHMA that "fewer that 20% of the nation's families can afford a house priced half-way between the cheapest and the most expensive."

With mortgage rates the highest in history and many a banker demanding that a new home buyer put down anywhere from ⅓ to ½ of the purchase price in cash, the young, the elderly, the retired, the middle class and the poor are thwarted. The "shelter-shortage" cuts a wide path across many segments of our nation and society.

HOUSING PROBLEM IS WORSENING

The current housing shortage is only one dimension of today's housing problem, however. All indications are that the housing shortage is actually worsening rather than improving.

Since 1950, housing's share of the Gross National Product has steadily and precipitously declined. While housing production represented 6.7% of GNP in 1950, that percentage had fallen to 4.5% by 1960 and fell further to 2.9% in 1969. But housing production has declined in absolute terms as well. 1.9 million new units were started in 1950. Yet the most optimistic projection for 1970 is 1.4 million conventional units, and 1.2 million starts now appears to be a more realistic estimate. If the present trend continues, by year end we may see the industry, exclusive of mobilehomes, producing at a seasonally adjusted annual rate of less than one million units.

LAG IN SUBSIDIZED HOUSING

Just as total housing production has lagged far behind targets, so has subsidized housing failed to keep up with need and with the projections for various Federal construction programs. Two hundred thousand units of subsidized housing were produced during fiscal year 1969—a production figure falling 30% below the target. And roughly 310,000 subsidized units will be produced during fiscal year 1970—almost 40% away from the target of 500,000 units.

PAST EFFORTS AT DEALING WITH THE HOUSING SHORTAGE

What, then, has been done, and what can be done to alleviate the housing shortage? Going back for a minute to the National Housing Act of 1949, we find that the Congress established as a national objective a decent home with a suitable living environment for every American. Yet only one year after that act became law, housing starts attained their all-time high of 1.9 million units. In the intervening years we have actually lost ground in the effort to provide enough decent housing.

This gradually worsening situation led the 90th Congress to pass the 1968 Housing and Urban Development Act—the Magna Carta of housing. This Act not only reaffirmed the 1949 objective of a decent home in a suitable living environment for every American, but also confirmed the goal of producing 26 million dwelling units by 1987. It established for the first time a national plan for meeting our housing needs, and it provided extensive modifications and additions to existing housing programs all aimed at making achievement of the goals a possible reality.

EFFORTS OF THE NIXON ADMINISTRATION

But what is the Nixon Administration doing today to alleviate the "shelter shortage"? Far from contributing to the solution of the housing problem, the Administration's efforts have tended to accentuate the problem rather than to solve it. The Administration has relied on a series of stop-gap measures designed to increase the supply of money going into mortgage markets. Yet stop-gap financial policies which run against the prevailing economic conditions have not produced additional housing, even though they have produced rising expectations of additional housing.

OPERATION BREAKTHROUGH

One aspect of the Administration's housing program which bears directly on the mobile-home industry is Operation Breakthrough, launched by the Department of Housing and Urban Development within the past year. This program is intended to be a major effort to arrest past cost trends and develop new ways of volume production of new housing at costs American families can afford.

According to the Report on Housing Goals, the aim of Operation Breakthrough is the development not only of new and innovative housing system concepts and production methods, but also realization of better management and maintenance methods, broader financing opportunities, more efficient use of labor, and an overcoming of the many restrictive local zoning and building codes in effect across the country. The full scope of results that should accrue from Operation Breakthrough cannot yet be readily determined. There clearly is an opportunity for some overall cost reduction and specific saving of labor, lumber and land which have been in short supply. Equally important, the program has shifted the industry's focus from construction to production and from two-dimensional to three-dimensional thinking.

Such a technological answer to the problem is entirely in character for an industrialist-turned-government leader like George Romney. But we cannot rely exclusively on Operation Breakthrough to produce a solution for the problem of low-income housing in this country. Such a reliance would effectively delay, and may already be delaying, getting on with the task of housing our low-income families.

Several points need to be made that seem to be ignored by the advocates of Breakthrough's current technocratic approach. First, housing expense would not be reduced proportionate to lower building costs, since building cost is only a portion of total cost. A 50% decline in building cost would be translated into monthly savings to an owner-occupant of 25–30%. Monthly mortgage payments might be cut in half, but other housing expense items such as heat, utilities, and maintenance would remain unchanged and local property taxes would still have to be maintained for the support of essential local services.

The task of housing low-income families has very little to do with the initial cost of construction, but it has everything to do with monthly family housing expense. Second, there is much doubt that Breakthrough will demonstrate any new ways of producing more housing in less time; the assembly line technique is not new, and other technologies involved in Breakthrough are already well-known in the pre-fabricated housing industry, which has been around for over a generation. Third, land must be available in large quantities, in the right locations, at reasonable prices if mass development is to occur. And Operation Breakthrough cannot create more land. Fourth, housing must be supported by an intricate and costly system of public services. Yet such services presently fall beyond the scope of the Breakthrough operation. In short, an attack on house production costs is, at most, a partial answer to providing decent housing and community services for all segments of the American population.

HOUSING MEASURES PASSED BY THE 91ST CONGRESS

While the Administration has presided over the strangulation of the housing industry, all the time uttering pious incantations about private initiative and impending "Breakthroughs," the 91st Congress has

attempted to extend some measure of relief. Last year's housing legislation, passed 339–9 by the House, made $2 billion available to the Government National Mortgage Association to purchase FHA and VA mortgages on low-cost housing. The release of these funds would provide over 100,000 units of new housing to those most acutely in need of shelter—low-income and moderate-income families. The President, however, has refused to utilize these funds. The Congress also gave the President authority to impose selective credit controls. Such credit controls would permit the channeling of available credit into those activities which national policy requires, such as low- and moderate-income housing. At the same time, other forms of credit, such as commercial paper, which are far more inflationary, could be sharply curtailed, thus reducing inflationary pressures.

Although this measure received the near-unanimous approval of the House, 358–4, the President, in signing the legislation, declared he would never exercise the authority to establish credit controls. Congress will continue to concern itself with the housing needs of all the American people. The House Banking and Currency Committee, for example, already has begun hearings on the entire problem of mortgage credit and interest rates. But we cannot expect Congress to undo the injury inflicted by a recalcitrant Administration's total reliance on stop-gap solutions to the ever-more pressing housing problem.

A REORDERING OF PRIORITIES IS NEEDED

What is lacking is a real commitment and a high sense of priority for the solution of the nation's housing problem. The absence of a real housing priority is revealed by figures disclosing the diminishing share of GNP which housing has occupied in recent years. The simple fact is that if the U.S., the wealthiest nation in history, is to be able to provide for one of the most basic and essential needs of her citizens—namely shelter—the U.S. must begin immediately to reorder drastically her national priorities. By 1974 we will put more than 300 passengers in an 1800 mph supersonic jet . . . for only $660 million . . . But what is the deadline for putting a low-income family of six into a decent house? The Housing Department budget proposed for Fiscal Year 1971 is $3.0 billion, compared with $2.3 billion for fiscal year 1969.

The Defense budget grew to its maximum in fiscal year 1969 to a total of $81.2 billion. The budget estimate for fiscal year 1971 is $73.4 billion, which is a reduction of $7.7 billion from the peak of the 1969 figure. That is, housing has inched forward by $700 million in two years, sharing some of the reduction in the Defense budget of $7.7 billion. What we do about housing in this decade will determine the quality of life in America as much or more than what we do about the rest of our environment.

PRESIDENT NIXON'S HOUSING PRIORITIES

On January 21, President Nixon stated his housing priority as follows: "I pledge that this Administration will take every possible step to solve this most serious housing problem consistent with the overriding need to contain inflation. The Housing of our people is and must be a top national priority." Essentially the Administration has told us this: We will start to achieve our goal of producing 26 million dwelling units by 1978 as soon as inflation stops. The tragedy about this whole situation is that tenants—the old, the young, and the poor—cannot wait until inflation stops. They need housing now. Details on the President's priorities are provided by the Second Annual Report on the National Housing Goals. While mouthing the need for reordering of priorities, the Report's conclusions lack real commitment to such a reordering and understate the worsening condition of the housing supply and of the housing industry.

The Report states: "The basic conclusion to emerge... is that the likely claim on the economy involved in reaching the housing goal is certainly modest. Indeed, it is well within the share of national production that has gone into housing during much of the post World War II period." In spite of the rhetoric, the promises, the goals, and the "Breakthrough" jargon, three facts remain which are of growing concern to people who are involved in housing, and to people who are without housing which they can afford. These facts are that the population is increasing, the mortgage interest rate and other costs of producing housing are going up or staying at historically high levels, and the rate of home building is going down.

MOBILE HOUSING INDUSTRY—BRIGHT SPOT IN A GLOOMY HOUSING PICTURE

However, in this aura of gloomy predictions and predictably poor performance, your mobile housing industry stands out almost alone as a striking exception to slack production. The mobilehome industry has now grown so large that it can no longer be ignored. 80% of all new housing units produced under $15,000 are mobilehomes; last year 96% of all the single family dwellings priced at $10,000 or less were mobilehomes.

Sales of mobilehomes currently account for over 40% of the sales of all single-family housing starts. And, for the first time in history mobilehome sales in 1970 may match or exceed sales of new conventionally constructed one-family homes. A recent survey has revealed widespread satisfaction on the part of mobilehome owners with mobilehome life. The survey has indicated that 70% of those persons surveyed were "extremely" or "very satisfied" with mobilehome life.

Your industry appears to have made substantial progress from the "trailer days" of not too many years ago. For the first time this year, the President's Second Annual Report on National Housing Goals has concluded that mobilehomes production must be included in national housing production if the nation's ten-year housing goal is to be reached. At least 4 million mobilehomes must be produced by 1978 if the 26-million-unit goal is to be attained. The Second Annual Report on National Housing Goals has concluded: "Mobilehomes at present constitute a major, if not the largest single source of acceptable new housing available at prices which moderate income families can afford."

CRUCIAL ROLE OF MOBILE HOUSING IN SOLVING NATIONAL HOUSING CRISES

But mobile housing is more than merely a bright spot in the overall gloomy housing picture. There is good evidence that the mobilehome industry today may well offer the only opportunity to most Americans to become homeowners.

Today, less than 6% of all new conventionally built single-family homes can be purchased for less than $15,000, the price generally regarded as the lowest for which a non-mobilehome can be constructed on a permanent site by the housing industry. Yet, nearly half of all American families cannot afford to pay more than $15,000 for a home. For this half of our nation, then, mobile housing is the only path to home ownership—only your industry can produce a home for less.

Today you are a thriving industry. But these needs of half of our nation confer on you a new responsibility. You represent the only hope in the foreseeable future for adequate housing at prices which half the nation can afford to pay. Your industry has not sought this burden. Rather, the seriousness of the nation's housing problem, and the imaginativeness of your product has brought the burden upon you. But your early contribution is not a total solution to the housing problem. Nor does it come close to exhausting the range of contributions which your industry can offer in terms of new solutions to the problem.

MOBILE HOME INDUSTRY RESPONSE TO HOUSING CHALLENGE

The question, then, is how the mobile housing industry will meet the challenge of providing shelter for half a nation. A few minutes ago I discussed recent legislation, passed and pending, designed to make mobilehomes and mobilehome financing more available. Aside from financial barriers to the purchase of mobilehomes, we must anticipate technological barriers between the mobile housing industry and the demands of half a nation.

The President's recent report on National Housing Goals anticipates an actual decline in mobilehome production after 1971. The report warns that mobilehome producers must be ready to shift to modular production and that "operation breakthrough" may point the way to the use of new technologies in production and distribution. The report also predicts that a shortage of sites will inhibit mobilehome sales during the middle 1970's.

The President's recent Housing Goals Report concludes: "Certain positive measures will have to be implemented to keep land prices from rising at a faster rate than all other components of the housing package. Among these will be a more rational use of land, including acceptance and development of more 'cluster' developments, and a continuing high proportion of multi-family development."

MINIMIZING LAND USAGE

Mobile housing, which has always used a minimum of land, has recently introduced the high-rise mobilehome park, with elevators for lifting the mobilehomes into place.

Modular unit construction and "cluster zoning" provide additional alternatives to the conservation of land and open space. "Cluster zoning" permits a given tract of land to be used for single-family homes, town houses and apartment buildings—with a substantial area kept for greenery and open use.

STACKING

Further innovation is now coming to the mobilehome industry through the concept of stacking which depends upon forming combinations of mobile units either vertically, horizontally or both.

At Reston, Virginia a new town 30 miles from downtown Washington a carefully worked out three-story stacked system of cantilevered units was designed to provide housing at a level comparable to rent levels of Section 221 (d) (3) housing for moderate-income families, without recourse to a Federal interest rate subsidy.

And at Michigan City, Housing Research, Inc., designed three factory produced modules—a living room unit, a bedroom unit and a vertical core. The bedroom unit and the living room units are stacked in a pinwheel pattern to three stories around the central utility core unit.

Other designers have taken the view that the mobile origin of the unit should be emphasized rather than obscured. Units may be hung or stacked around a central core or inserted in a framework as a drawer in a bureau. Architect Paul Rudolph has placed his emphasis on units set in frames.

At Charlottesville, Virginia, a proposal for university housing sets units into a complex system of redwood platforms set in precast concrete forms. "The units cascade down a steeply inclined site, one projecting over the next, thus providing terraces for each other" and providing housing of considerable density with maximum consideration for the natural contour of the land. For New York

City, Rudolph proposed a plug-in unit for an immense framework core to form a pinwheel design at a high-rise scale.

THE FUTURE

What, then, do all these experiments portend for the future? Well, stacked units show great potential for helping to meet new markets for lower and moderate income persons. If the mobilehome industry can take the new design concepts first presented for the world to see at Habitat '67 in Montreal and combine such concepts with the advantages of a going production system, flexible financing arrangements, and lower labor costs through factory production, the industry can contribute greatly to the challenges of today's society.

Time limits further discussion. But I suggest that, working within the limits of possible cost reduction through technological innovation, the mobilehome industry is already off to a head start.

Let me summarize. We are the wealthiest nation in history. We have many achievements to our credit. But satisfactorily meeting our Nation's needs in housing is not one of them. To a large extent, it is in the hands of American industry to show whether the wealthiest nation in history can provide for one of the most basic human requirements—the housing—of her population.

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

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

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by titles.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Home Finance Act of 1970".

TITLE I—REDUCTION OF INTEREST CHARGES FOR MEMBERS OF THE FEDERAL HOME LOAN BANK SYSTEM

SEC. 101. (a) There is authorized to be appropriated not to exceed $250,000,000, without fiscal year limitation, to be used by the Federal Home Loan Bank Board for disbursement to Federal home loan banks for the purpose of adjusting the effective interest charged by such banks on short-term and long-term borrowing to promote an orderly flow of funds into residential construction. The disbursement of sums appropriated hereunder shall be made under such terms and conditions as may be prescribed by the Board to assure that such sums are used to assist in the provision of housing for low- and middle-income families, and that such families share fully in the benefits resulting from the disbursement of such sums. No member of a Federal home loan bank shall use funds the interest charges on which have been adjusted pursuant to the provisions of this section to make any loan, if—

(1) the effective rate of interest on such loan exceeds the effective rate of interest on such funds payable by such member by more than 1 per centum per annum;

(2) the annual income of the borrower exceeds the median family income for the area in which the property is located, as determined by the Board, with appropriate adjustments for smaller and larger families; or

(3) the principal obligation of any such loan which is secured by a mortgage on a residential structure exceeds the dollar limitations on the maximum mortgage amount, in effect on the date the mortgage was originated, which would be applicable if the mortgage was insured by the Secretary of Housing and Urban Development under section 203 (b) or 207 of the National Housing Act.

(b) Not more than 20 per centum of the sums appropriated pursuant to subsection (a) shall be disbursed in any one Federal home loan bank district.

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the title be dispensed with, that it be 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.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, strike line 22 through line 6 on page 3, and insert the following: "by such member by a percentile amount which is in excess of such amount as the Board determines to be appropriate in furtherance of the purposes of this section; or

"(2) the principal obligation of any such loan which".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE II—AUTHORITY FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION TO PROVIDE A SECONDARY MARKET FOR CONVENTIONAL MORTGAGES

SEC. 201. (a) Section 302(b) of the National Housing Act is amended—

(1) by inserting "(1)" immediately following "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) For the purposes set forth in section 301(a), and with the approval of the Secretary of Housing and Urban Development, the corporation is authorized, pursuant to commitments or otherwise, to purchase, service, sell, lend on the security of, or otherwise deal in mortgages which are not insured or guaranteed as provided in paragraph (1) (such mortgages referred to hereinafter as 'conventional mortgages'). No such purchase of a conventional mortgage shall be made if the outstanding principal balance of the mortgage at the time of purchase exceeds 75 per centum of the value of the property securing the mortgage, unless (1) the seller retains a participation of not less than 10 per centum in the mortgage; (2) the seller agrees to repurchase or replace the mortgage upon demand of the corporation at any time within six years from the date of execution of the mortgage that the mortgage is in default; or (3) that portion of the unpaid principal balance of the mortgage which is in excess of such 75 per centum is guaranteed or insured by a qualified private insurer as determined by the corporation. The corporation shall not issue a commitment to purchase a conventional mortgage prior to the date the mortgage is originated, if such mortgage is eligible for purchase under the preceding sentence only by reason of compliance with the requirements of cause (A) of such sentence. The corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is currently engaged in mortgage lending or investing activities and if, as a result thereof, the cumulative aggregate of the principal balances of all conventional mortgages purchased by the corporation which were originated more than one year prior to the date of purchase does not exceed 10 per centum of the cumulative aggregate of the principal balances of all conventional mortgages purchased by the corporation. The corporation shall establish limitations governing the maximum principal obligation of conventional mortgages purchased by it which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act.

"(3) The corporation may not make any public offering of securities to finance its secondary market operations in conventional mortgages at any time that the Secretary of Housing and Urban Development determines that such an offering would unduly inhibit the financing by the Government National Mortgage Association of low and moderate income housing in implementation of its special assistance functions."

(b) Section 5202 of the Revised Statutes (12 U.S.C. 82) is amended by adding at the end thereof the following:

"Eleventh. Liabilities incurred in connection with sales of mortgages, or participations therein, to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.".

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title II 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.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, line 21, strike "(1)" and 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 4, line 23, strike beginning with "(2) the seller" down through "mortgage" in line 1 on page 5, and insert the following: "(B) for such period and under such circumstances as the corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the corporation in the event".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 5, strike "(3)" and insert "(C)".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE III—FEDERAL HOME LOAN MORTGAGE CORPORATION

SHORT TITLE

SEC. 301. This title may be cited as the "Federal Home Loan Mortgage Corporation Act".

DEFINITIONS

SEC. 302. As used in this title—

(a) The term "Board of Directors" means the Board of Directors of the Corporation.

(b) The term "Corporation" means the Federal Home Loan Mortgage Corporation created by this title.

(c) The term "law" includes any law of the United States or of any State (including any rule of law or of equity).

(d) The term "mortgage" includes such classes of liens as are commonly given or are legally effective to secure advances on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby, and includes interests in mortgages.

(e) The term "organization" means any corporation, partnership, association, business trust, or business entity.

(f) The term "prescribe" means to prescribe by regulations or otherwise.

(g) The term "property" includes any property, whether real, personal, mixed, or otherwise, including without limitation on the generality of the foregoing choses in action and mortgages, and includes any interest in any of the foregoing.

(h) The term "residential mortgage" means a mortgage which (1) is a mortgage on real estate, in fee simple or under a leasehold having such term as may be prescribed by the Corporation, upon which there is located a structure or structures designed in whole or in part for residential use, and (2) has such characteristics and meets such requirements as to amount, term, repayment provisions, number of families, status as a first lien on such real estate, and otherwise, as may be prescribed by the Corporation.

(i) The term "conventional mortgage" means a mortgage which is not insured or guaranteed by a department or agency of the United States.

(j) The term "security" has the meaning ascribed to it by section 2 of the Securities Act of 1933.

(k) The term "State", whether used as a noun or otherwise, includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

ESTABLISHMENT OF THE CORPORATION

SEC. 303. (a) There is created the Federal Home Loan Mortgage Corporation, which shall be a body corporate and shall be under the direction of a Board of Directors composed of the members of the Federal Home Loan Bank Board, who shall serve as such without additional compensation. The Chairman of the Federal Home Loan Bank Board shall be the Chairman of the Board of Directors. The principal office of the Corporation shall be in the District of Columbia or at such other place as the Corporation may from time to time prescribe. The Corporation shall be a member of each Federal home loan bank and, except as otherwise provided by the Federal Home Loan Bank Board, shall have all the benefits, powers, and privileges, and in the exercise thereof shall be subject to all liabilities, conditions, and limitations (except those relating to Federal home loan bank stock and subscriptions thereto and those under provisions of the Federal Home Loan Bank Act preceding section 9) which are provided by the terms of such Act or other Federal statute for members of any such bank.

(b) The Corporation shall have power (1) to adopt, alter, and use a corporate seal; (2) to have succession until dissolved by Act of Congress; (3) to make and enforce such bylaws, rules, and regulations as may be necessary or appropriate to carry out the purposes or provisions of this title; (4) to make and perform contracts, agreements, and commitments; (5) to prescribe and impose fees and charges for services by the Corporation; (6) to settle, adjust, and compromise, and with or without consideration or benefit to the Corporation to release or waive in whole or in part, in advance or otherwise, any claim, demand, or right of, by, or against the Corporation; (7) to sue and be sued, complain and defend, in any State, Federal, or other court; (8) to acquire, take, hold, and own, and to deal with and dispose of any property; and (9) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation and benefits of officers, employees, attorneys, and agents, all without regard to any other law except as may be provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of this sentence. Nothing in this title or any other law shall be construed to prevent the appointment, employment, and provision for compensation and benefits, as an officer, employee, attorney, or agent of the Corporation, of any officer, employee, attorney, or agent of any department, establishment, or corporate or other instrumentality of the Government, including any Federal home loan bank or member thereof. The Corporation, with the consent of any such department, establishment, or instrumentality, including any field services thereof, may utilize and act through any such department, establishment, or instrumentality and may avail itself of the use of information, services, facilities, and personnel thereof, and may pay compensation therefor, and all of the foregoing are hereby authorized to provide the same to the Corporation as it may request.

(c) Funds of the Corporation may be invested in such investments as the Board of Directors may prescribe. Any Federal Reserve bank or Federal home loan bank, or any bank as to which at the time of its designation by the Corporation there is outstanding a designation by the Secretary of the Treasury as a general or other depositary of public money, may be designated by the Corporation as a depositary or custodian or as a fiscal or other agent of the Corporation, and is hereby authorized to act as such depositary, custodian, or agent. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public money, under such regulations as may be prescribed by the Secretary of the Treasury, and may also be employed as fiscal or other agent of the United States, and it shall perform all such reasonable duties as such depositary or agent as may be required of it.

(d) The Corporation, including its franchise, activities, capital, reserves, surplus, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed. The provisions of this subsection shall be applicable without regard to any other law, including without limitation on the generality of the foregoing section 3301 of the Internal Revenue Code of 1954, except laws hereafter enacted by Congress expressly in limitation of this subsection.

(e) Notwithstanding section 1349 of title 28 of the United States Code or any other provision of law, (1) the Corporation shall be deemed to be an agency included in sections 1345 and 1442 of such title 28; (2) all civil actions to which the Corporation is a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such actions, without regard to amount or value; and (3) any civil or other action, case, or controversy in a court of a State, or in any court other than a district court of the United States, to which the Corporation is a party may at any time before the trial thereof be removed by the Corporation, without the giving of any bond or security, to the district court of the United States for the district and division embracing the place where the same is pending, or, if there is no such district court, to the district court of the United States for the district in which the principal office of the Corporation is located, by following any procedure for removal of causes in effect at the time of such removal. No attachment or execution shall be issued against the Corporation or any of its property before final judgment in any State, Federal, or other court.

CAPITAL STOCK

SEC. 304. (a) The capital stock of the Corporation shall consist of nonvoting common stock which shall be issued only to Federal home loan banks and shall have such par value and such other characteristics as the Corporation prescribes. Stock of the Corporation shall be evidenced in such manner and shall be transferable only to such extent, to such transferees, and in such manner, as the Corporation prescribes.

(b) The Federal home loan banks shall from time to time subscribe, at such price not less than par as the Corporation shall from time to time fix, for such amounts of common stock as the Corporation prescribes, and such banks shall pay therefor at such time or times and in such amount or amounts as may from time to time be fixed by call of the Corporation. The amount of the payments for which such banks may be obligated under such subscriptions shall not exceed a cumulative total of $100,000,000.

(c) Subscriptions of the respective Federal home loan banks to such stock shall be allocated by the Corporation.

(d) The Corporation may retire at any time all or any part of the stock of the Corporation, or may call for retirement all or any part of the stock of the Corporation by (1) publishing a notice of the call in the Federal Register or providing such notice in such other manner as the Corporation may determine to be appropriate, and (2) depositing with the Treasurer of the United States, for the purpose of such retirement, funds sufficient to effect such retirement. No call for the retirement of any stock shall be made, and no stock shall be retired without call, if immediately after such action, the total of the stock not called for retirement and of the reserves and surplus of the Corporation would be less than $100,000,000. The retirement of stock shall be at the par value thereof, or at the price at which such stock was issued if such price is greater than par value. No declaration of any dividend on stock of the Corporation shall be effective with respect to stock which at the time of such declaration is the subject of an outstanding retirement call the effective date of which has arrived.

MORTGAGE OPERATIONS

SEC. 305. (a)(1) The Corporation is authorized to purchase, and make commitments to purchase, residential mortgages from any Federal home loan bank, the Federal Savings and Loan Insurance Corporation, any member of a Federal home loan bank, or any other financial institution the deposits or accounts of which are insured by an agency of the United States, and to hold and deal with, and sell or otherwise dispose of, pursuant to commitments or otherwise, any such mortgage or interest therein. The operations of the Corporation under this section shall be confined so far as practicable to residential mortgages which are deemed by the corporation to be of such quality, type, and class as to meet generally the purchase standards imposed by private institutional mortgage investors.

(2) No conventional mortgage shall be purchased under this section if the outstanding principal balance of the mortgage at the time of purchase exceeds 75 per centum of the value of the property securing the mortgage, unless (A) the seller retains a participation of not less than 10 per centum in the mortgage; (B) the seller agrees to re-

purchase or replace the mortgage upon demand of the Corporation at any time within six years from the date of execution of the mortgage that the mortgage is in default; or (C) that portion of the unpaid principal balance of the mortgage which is in excess of such 75 per centum is guaranteed or insured by a qualified private insurer as determined by the Corporation. The Corporation shall not issue a commitment to purchase a conventional mortgage prior to the date the mortgage is originated, if such mortgage is eligible for purchase under the preceding sentence only by reason of compliance with the requirements of clause (A) of such sentence. The Corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is currently engaged in mortgage lending or investing activities and if, as a result thereof, the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation which were originated more than one year prior to the date of purchase does not exceed 10 per centum of the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation. The Corporation shall establish limitations governing the maximum principal obligation of conventional mortgages purchased by it which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act.

(3) The sale or other disposition by the Corporation of a mortgage under this section may be with or without recourse, and shall be upon such terms and conditions relating to resale, repurchase, guaranty, substitution, replacement, or otherwise as the Corporation may prescribe.

(b) Notwithstanding any other law, authority to enter into and to perform and carry out any transaction or matter referred to in this section is conferred on any Federal home loan bank, the Federal Savings and Loan Insurance Corporation, any Federal savings and loan association, any Federal home loan bank member, and any other financial institution the deposits or accounts of which are insured by an agency of the United States to the extent that Congress has the power to confer such authority.

OBLIGATIONS AND SECURITIES

SEC. 306. (a) The Corporation is authorized, upon such terms and conditions as it may prescribe, to borrow, to give security, to pay interest or other return, and to issue mortgage-backed securities guaranteed by the Government National Mortgage Association in the manner provided in section 306 (g) of the National Housing Act. Any obligation or security of the Corporation shall be valid and binding notwithstanding that a person or persons purporting to have executed or attested the same may have died, become under disability, or ceased to hold office or employment before the issuance thereof.

(b) The Corporation may, by regulation or by writing executed by the Corporation, establish prohibitions or restrictions upon the creation of indebtedness or obligations of the Corporation or of liens or charges upon property of the Corporation, including after-acquired property, and create liens and charges, which may be floating liens or charges, upon all or any part or parts of the property of the Corporation, including after-acquired property. Such prohibitions, restrictions, liens, and charges shall have such effect, including without limitation on the generality of the foregoing such rank and priority, as may be provided by regulations of the Corporation or by writings executed by the Corporation, and shall create causes of action which may be enforced by action in the United States District Court for the District of Columbia or in the United States district court for any judicial district in which any of the property affected is located. Process in any such action may run to and be served in any judicial district or any place subject to the jurisdiction of the United States.

(c) The Federal home loan banks shall, to such extent as the Board of Directors may prescribe, guarantee the faithful and timely performance by the Corporation of any obligation or undertaking of the Corporation on or with respect to any security (which term as used in this sentence shall not include the capital stock referred to in section 304 of this title).

(d) The provisions of this section and of any restriction, prohibition, lien or charge referred to in subsection (b) shall be fully effective notwithstanding any other law, including without limitation on the generality of the foregoing any law of or relating to sovereign immunity or priority.

(e) The Corporation may not make any public offering of securities to finance its secondary market operations in conventional mortgages at any time that the Secretary of Housing and Urban Development determines that such an offering would unduly inhibit the financing by the Government National Mortgage Association of low- and moderate-income housing in implementation of its special assistance functions.

MISCELLANEOUS PROVISIONS

SEC. 307. (a) All rights and remedies of the Corporation, including without limitation on the generality of the foregoing any rights and remedies of the Corporation on, under, or with respect to any mortgage or any obligation secured thereby, shall be immune from impairment, limitation, or restriction by or under (1) any law (except laws enacted by the Congress expressly in limitation of this sentence) which becomes effective after the acquisition by the Corporation of the subject or property on, under, or with respect to which such right or remedy arises or exists or would so arise or exist in the absence of such law, or (2) any administrative or other action which becomes effective after such acquisition. The Corporation shall be entitled to all immunities and priorities, including without limitation on the generality of the foregoing all immunities and priorities under any such law or action, to which it would be entitled if it were the United States or if it were an unincorporated agency of the United States.

PENAL PROVISIONS

SEC. 308. (a) Except as expressly authorized by statute of the United States, no individual or organization (except the Corporation) shall use the term "Federal Home Loan Mortgage Corporation", or any combination of words including the words "Federal", and "Home Loan", and "Mortgage", as a name or part thereof under which any individual or organization does any business, but this sentence shall not make unlawful the use of any name under which business is being done on the date of the enactment of this Act. No individual or organization shall use or display (1) any sign, device, or insigne prescribed or approved by the Corporation for use or display by the Corporation or by members of the Federal home loan banks, (2) any copy, reproduction, or colorable imitation of any such sign, device, or insigne, or (3) any sign, device, or insigne reasonably calculated to convey the impression that it is a sign, device, or insigne used by the Corporation or prescribed or approved by the Corporation, contrary to regulations of the Corporation prohibiting, or limiting or restricting, such use or display by such individual or organization. An organization violating this subsection shall for each violation be punished by a fine of not more than $10,000. An officer or member of an organization participating or knowingly acquiescing in any violation of this subsection shall be punished by a fine of not more than $5,000 or imprisonment for not more than one year, or both. An individual violating this subsection shall for each violation be punished as set forth in the sentence next preceding this sentence.

(b) The provisions of sections 215, 607, 658, 1011, and 1014 of title 18 of the United States Code are extended to apply to and with respect to the Corporation, and for the purposes of such section 658 the term "any property mortgaged or pledged", as used therein, shall without limitation on its generality include any property subject to mortgage, pledge, or lien acquired by the Corporation by assignment or otherwise.

(c) The term "bank examiner or assistant examiner", as used in section 655 of such title 18, shall include any examiner or assistant examiner who is an officer or employee of the Corporation and any person who makes or participates in the making of any examination of or for the Corporation.

(d) The term "bank", as used in subsection (f) of section 2113 of such title 18, shall be deemed to include the Corporation, and any building used in whole or in part by the Corporation shall be deemed to be used in whole or in part as a bank, within the meaning of such section 2113.

(e) The terms "agency" and "agencies" shall be deemed to include the Corporation wherever used with reference to an agency or agencies of the United States in sections 201, 202, 203, 205, 207, 208, 209, 286, 287, 371, 506, 595, 602, 641, 654, 701, 872, 1001, 1002, 1016, 1017, 1361, 1505, and 2073 of such title 18. Any officer or employee of the Corporation shall be deemed to be a person mentioned in section 602 of such title 18 within the meaning of sections 603 and 606 of such title.

(f) The terms "obligation or other security" and "obligations or other securities", wherever used (with or without the words "of the United States") in section 471 to 476, both inclusive, and section 492 of such title 18, are extended to include any obligation or other security of or issued by the Corporation. Any reference in sections 474, 494, 495, and 642 of such title 18 to the United States, except in a territorial sense, or to the Secretary of the Treasury is hereby extended to include the Corporation. Section 477 of such title 18 is extended to apply with respect to section 476 of such title as extended by the first sentence of this subsection (f), and for this purpose the term "United States" as used in such section 476 shall include the Corporation.

TERRITORIAL APPLICABILITY

SEC. 309. Notwithstanding any other law, this title shall be applicable to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

CONSTRUCTION AND SEPARABILITY

SEC. 310. Except as otherwise provided in this title, or as otherwise provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of provisions of this title, the powers and functions of the Corporation and of the Board of Directors shall be exercisable, and the provisions of this title shall be applicable and effective, without regard to any other law. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title III 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.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 25, strike "and" and insert the following: "or which comprises or includes one or more condominium units or dwelling units (as defined by the Corporation) and".

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, lines 8 and 9, strike "which is not insured or guaranteed by a department or agency of the United States" and insert the following "other than a mortgage as to which the Corporation has the benefit of any guaranty, insurance, or other obligation by the United States or a State or an agency or instrumentality of either."

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, immediately below line 5, insert the following: "(e) All notes, bonds, debentures or other obligations of the Corporation, or other securities (including stock) of the Corporation, and the interest, dividends, or other income therefrom, shall be exempt from all taxation (except estate, inheritance and gift taxes) now or hereafter imposed by any territory, dependency, or possession of the United States, or by the Commonwealth of Puerto Rico, the District of Columbia, or any States, county, municipality, or local taxing authority. The foregoing exemption from taxation shall include exemption from taxation measured by such obligations or securities or by such interest, dividends, or other income, and from inclusion of such obligations or securities, or such taxation."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 12, line 19, strike "(e)" and insert "(f)".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, line 25, strike beginning with "the seller agrees" down through "gage" in line 3 on page 16, and insert the following: "for such period and under such circumstances as the Corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the Corporation in the event".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 17, line 23, immediately following "issue" insert the following: "notes, debentures, bonds, or other obligations, or other securities, including without limitation".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 20, line 2, insert "(a)" immediately following "SEC. 307.".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 20, immediately below line 19, insert the following:

"(b) The first two sentences of paragraph (6) of subsection (c) of section 18 of the Federal Home Loan Bank Act are amended to read as follows: 'Notwithstanding any other provision of law, the financial transactions of said corporation shall be audited by the General Accounting Office in accordance with title II of the Government Corporation Control Act, and banking and checking accounts of said corporation and said board shall be maintained in accordance with section 302 of that Act. Except as now or hereafter provided by this section, no provision of law other than this act or title IV of the National Housing Act shall be applicable to obligations, expenditures, lending, or payments of said board or corporation, or, to such extent as said board may provide, to personnel or positions thereof, but that activities of the board and of the corporation shall be the subject of an annual review by Congress.'"

SUBSTITUTE AMENDMENT OFFERED BY MR. BARRETT FOR THE COMMITTEE AMENDMENT

Mr. BARRETT. Mr. Chairman, I offer an amendment as a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRETT as a substitute for the committee amendment: On page 20, line 20, insert:

"(b) The financial transactions of the Corporation shall be subject to audit by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files and all other papers, things, or property belonging to or in use by the respective corporation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. A report on each such audit shall be made by the Comptroller General to the Congress. The Corporation shall reimburse the General Accounting Office for the full cost of any such audit as billed therefor by the Comptroller General."

Mr. BARRETT. Mr. Chairman, in the interest of time, what this does, literally, is to give the GAO authority to audit the books of the Federal Home Loan Bank Board, the FSLIC, and the FHLB Corporation.

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

Mr. BARRETT. I am glad to yield to the gentleman from Iowa.

Mr. GROSS. When the gentleman's substitute was read I did not hear the Clerk read "(b)," which I believe ought to preface the amendment, because we already have (a). We should have a (b).

Mr. Chairman, I would ask unanimous consent that the "(b)" be inserted just prior to the language of the substitute.

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

There was no objection.

Thes CHAIRMAN. The correction will be made in the amendment, as indicated.

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

Mr. BARRETT. I am glad to yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Will the gentleman explain to us how the language of his amendment differs from the language presently in the committee amendment? What is the purpose of the change?

Mr. BARRETT. It is in order to give the GAO an opportunity to come in and audit the books of the Home Loan Bank system. We are striking the language with this amendment, and putting in language which gives GAO the authority to audit. The language presently in the bill would not give them the authority.

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

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

Mr. PATMAN. It substantially restores it to the present law; in other words, this was an attempt to change the law and the gentleman is restoring it in the substitute.

Mr. BARRETT. That is correct.

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

Mr. BARRETT. I am glad to yield to the gentleman from Ohio.

Mr. STANTON. To my knowledge this amendment was not discussed in the committee. I wonder if it was discussed with the Chairman of the Home Loan Bank Board. Does the gentleman have his approval?

Mr. BARRETT. The amendment, as I am offering it, is in the present law and it has been studied. The language of the bill would take away the authority from the General Accounting Office of coming in and auditing the books. This language puts that authority back and gives them the necessary authority to make the audit.

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

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

Mr. WIDNALL. I do not see any reason why the language contained in the committee amendment on page 20 cannot be retained in the bill and what you are proposing then could become a new section, that is, section 307(c), stating exactly what you have said in your amendment.

Mr. BARRETT. You mean 307(b).

Mr. WIDNALL. No. This would be (c). If (b) is retained in the present committee amendment and it is accepted by the Committee of the Whole, then we keep that in the bill and we add 307(c), which is your amendment. Then you will accomplish what you want and we will accomplish what we want.

Mr. BARRETT. I just cannot comprehend why you would want to keep that.

language in. It adds nothing. We are putting in language here that is in the present law. If there were any reason to retain the language that would be beneficial to the bill or the program, I would say, fine. I would be glad to go along with it. But what I am doing here is putting back GAO audit authority.

Mr. WIDNALL. The existing language in subsection (b) of section 307 on page 20 gives the right to the General Accounting Office to audit the financial transactions of said corporation in accordance with title II of the Government Corporation Control Act, and I do not see actually what you are trying to get at in addition to that, because we have already granted permission to the General Accounting Office. If you feel it is necessary, I would suggest that you add section 307(c) to what is already in the bill with the committee amendment.

Mr. BARRETT. You can amend it to that extent, or if you want me to change the amendment, I can.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. BARRETT was allowed to proceed for 1 additional minute.)

Mr. MIZE. Mr. Chairman, will the gentleman yield to me?

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

Mr. MIZE. I cannot for the life of me understand what you are trying to achieve.

Mr. Chairman, it is already in that section beginning on line 22 and ending on line 10, page 21.

Mr. BARRETT. What I am trying to do here, as I pointed out before, is this: The language in the present bill strikes out the language which was originally in the law. I am merely putting back into the bill the right to audit the books.

Mr. MIZE. But where does the committee amendment strike it? It is right there.

Mr. BARRETT. On page 20, line 20, down to line 10 on page 21. This is what I am striking and replacing that language with this amendment.

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

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

Mr. PATMAN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Pennsylvania (Mr. BARRETT). It occurs to me that the gentleman from Pennsylvania is right about this. But if by chance there is any mistake about it, obviously this bill will go to conference and any change in language will be considered.

I think we are all pretty well in agreement as to what we want done. It is just a question of the language used and as to whether or not some language is contradictory to other language.

I would like to say to the minority Members as well as the other Members, if you let this go—let the Barrett amendment pass—with the understanding that if there is any mistake about it it will be considered in conference and will be corrected to carry out the intent of both the gentleman from New Jersey (Mr. WIDNALL) and the gentleman from Pennsylvania (Mr. BARRETT) that will be all right.

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

Mr. PATMAN. Yes, I yield to the gentleman from New Jersey.

Mr. WIDNALL. There is no similar language elsewhere.

Mr. PATMAN. I still think that in view of the fact that we are having this confusion on the floor now does not preclude the fact that we can insert both sections, what is now currently the committee amendment, approve that, and add section 307(c) and when we go to conference that can be ironed out.

Mr. WIDNALL. I think in view of the fact that it will go to conference it might be acceptable.

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

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

Mr. REES. If you will look at the bill, I would like to point out the fact that on page 20 you have what I think is a minimal audit by the General Accounting Office, but then you get over to page 21, starting on line 3, and it reads:

> Except as now or hereafter provided by this section, no provision of law other than this act or title IV of the National Housing Act shall be applicable to obligations, expenditures, lending, or payments of said board or corporation, or, to such extent as said board may provide, to personnel or positions thereof, but the activities of the Board and of the Corporation shall be the subject of an annual review by Congress.

So what I think you will find here is a minimal audit which appears in the language beginning on line 20 on page 20 to line 3 on page 21 and then you have a restriction saying that no other law giving the GAO the right to audit the books of the department is applicable. I think that is the restriction in the bill.

So, what the substitute amendment would do would call for a broad GAO audit not restricted by the language on page 21.

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

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

Mr. GROSS. The gentleman from California is exactly right. It is the exception in the amendment, the committee amendment, that does the damage. I wholeheartedly support the substitute amendment offered by the gentleman from Pennsylvania (Mr. BARRETT), because without his amendment the General Accounting Office will be seriously circumscribed in its ability to go into the books of this new corporation. Therefore, I earnestly ask that the substitute amendment be adopted.

Mr. PATMAN. Since there is no comparable language in the Senate bill, it is necessary to put this in. So, I think the gentleman from New Jersey made a good suggestion, along with the gentleman from California (Mr. REES) and the gentleman from Iowa (Mr. GROSS) and I think it ought to be included. If there is any mistake about it, it can be corrected in conference.

Mr. WIDNALL. Mr. Chairman, if the gentleman will yield further, is the gentleman proposing that the substitute amendment which has been offered by the gentleman from Pennsylvania (Mr. BARRETT) include what the gentleman has just said?

Mr. PATMAN. Yes. I thought it was understood we would adopt it and put both of them in and then we can harmonize them in conference.

PARLIAMENTARY INQUIRY

Mr. REES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. REES. Is the amendment of the gentleman from Pennsylvania a substitute to the committee amendment or in addition to the committee amendment?

The CHAIRMAN. It is the Chair's understanding that the language offered by the gentleman from Pennsylvania is a substitute for the language now contained in the bill which starts on line 20, page 20, and goes through line 10 on page 21.

Mr. REES. I thank the Chair.

Mr. WIDNALL. Mr. Chairman, I do not think that the gentleman from Texas (Mr. PATMAN) and I by agreement on the House floor can change the content of the bill.

We can accept an amendment as offered, but there is no amendment offered at the present time to incorporate both the committee amendment and the one offered by the gentleman from Pennsylvania (Mr. BARRETT).

The amendment offered by the gentleman from Pennsylvania (Mr. BARRETT), was to expunge what had happened in committee and substitute his proposal. My suggestion was that both be incorporated and that his suggestion be amended to include that.

Mr. PATMAN. I would suggest that, if the gentleman will yield.

Mr. WIDNALL. Yes.

Mr. PATMAN. I suggest he change his amendment to commence at the end of the other, and they will both be in in that way.

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

Mr. Chairman, I believe the only way that we can attack this is to have Mr. BARRETT's amendment substituted for the committee amendment. Because in the committee amendment there is language that excepts a government corporations from an effective audit by the GAO.

If you believe that the GAO should audit the Government corporation you would vote for the amendment that substitutes for the committee amendment. But if you add Mr. BARRETT's amendment to the committee amendment I do not believe it would have any force because it would be expected by the exception which is on page 21, lines 3 through 10. I think you would come up with a bill that in the issue of a Government audit there would be two diametrically opposing sections.

If Mr. BARRETT's amendment is a substitute to the committee amendment I would advise a "yea" vote. If it is in addition to the committee amendment I would advise a "nay" vote.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

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

Mr. PATMAN. Mr. Chairman, like it is now, it is proposed as a substitute, by this language. I think that we will go to conference, and any changes can be made to carry out the will of the Members, the conferees, which is the will of this House, that the audit be allowed.

Mr. REES. Mr. Chairman, if it is in the nature of a substitute to the committee amendment I would support it.

Mr. PATMAN. It is in the nature of a substitute now. But the gentleman from New Jersey (Mr. WIDNALL) suggested that both be put in, and I thought it was a good idea, but I see the point raised by the gentleman in that it would be a little bit inconsistent.

Mr. REES. I think, Mr. Chairman, that the Committee of the Whole House should work its will on the floor now. I think the will of the House should be as a substitute.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

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

Mr. BYRNES of Wisconsin. Mr. Chairman, I think we have some confusion here which could be resolved if the gentleman from Pennsylvania (Mr. BARRETT) would simply request that his proposal be revised so as to make it an amendment, rather than a substitute for the committee amendment. Then you would vote on both the committee amendment and the amendment by the gentleman from Pennsylvania, and you would be conforming with the understanding between the gentleman from Texas and the gentleman from New Jersey.

But the gentleman from Pennsylvania first has to ask unanimous consent, it seems to me, to change his proposal from a substitute to an amendment. If the gentleman from Pennsylvania will do that, they I think the understanding between the gentleman from Texas and the gentleman from New Jersey could be agreed to. Why does not the gentleman do it?

The CHAIRMAN. If the Chair may clarify the understanding that the Chair has, the gentleman from Pennsylvania (Mr. BARRETT) has offered a substitute for the committee amendment starting on line 20 on page 20 through line 10 on page 21, and that is the substitute to the committee amendment that is now pending before the House.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent to withdraw my amendment offered as a substitute to the committee amendment, and to reoffer it as an amendment.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to withdraw his substitute.

Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to offer an additional amendment now to the committee amendment?

Mr. BARRETT. Mr. Chairman, I offer this amendment now as an amendment to the committee amendment as an additional subsection beginning at the end of line 10 on page 21.

Mr. PATMAN. Mr. Chairman, it is the same amendment that has been read and I ask unanimous consent that the reading of it be dispensed with due to the fact that it is pending.

The CHAIRMAN. The Chair wishes to understand clearly exactly what is being done.

The gentleman from Pennsylvania (Mr. BARRETT), as the Chair understands, is now offering an amendment which would occur after line 10, on page 21, which would be subparagraph (c). Is that correct?

Mr. BARRETT. It would be a new subsection.

The CHAIRMAN. Then including the language which the gentleman heretofore offered as a substitute for the committee amendment.

AMENDMENT OFFERED BY MR. BARRETT

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRETT: On page 21, following line 10, insert:

"(c) The financial transactions of the Corporation shall be subject to audit by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files and all other papers, things, or property belonging to or in use by the respective corporation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. A report on each such audit shall be made by the Comptroller General to the Congress. The Corporation shall reimburse the General Accounting Office for the full cost of any such audit as billed therefor by the Comptroller General."

Mr. PATMAN (during the reading of the amendment.) Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

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

There was no objection.

The CHAIRMAN. The question is on the amendment to the committee amendment offered by the gentleman from Pennsylvania (Mr. BARRETT).

Mr. REES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. REES. Mr. Chairman, is the amendment offered by the gentleman from Pennsylvania an amendment to the miscellaneous provisions?

The CHAIRMAN. The gentleman will restate the parliamentary inquiry.

Mr. REES. Is the amendment an addition to the miscellaneous provisions which start on page 20?

The CHAIRMAN. The amendment offered by the gentleman from Pennsylvania (Mr. BARRETT) to the committee amendment starts at page 21 on line 10, after the committee amendment and adds a new subsection and inserts that as an amendment to the committee amendment.

Mr. REES. Has this Committee of the Whole House voted yet on the committee amendment that starts on page 20 and goes over to page 21?

The CHAIRMAN. That has not been decided yet.

Mr. REES. So a vote on the amendment offered by the genleman from Pennsylvania (Mr. BARRETT) will not preclude a vote of this Committee on the Banking and Currency Committee amendment?

The CHAIRMAN. If the Chair may clarify the situation.

The vote first will occur on the amendment offered by the gentleman from Pennsylvania to the committee amendment. Once decision is made on that amendment, the vote will then occur on the committee amendment, as amended.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. BARRETT) to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE IV—GOVERNMENT NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FUNDS

SEC. 401. Section 305(c) of the National Housing Act is amended by striking out "by $500,000,000 on July 1, 1969" and inserting in lieu thereof "by $2,000,000,000 on July 1, 1969".

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title IV 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.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: Page 25, line 3, insert "(a)" immediately following "Sec. 401.".

Page 25, immediately below line 6, insert the following: "(b) Section 305(g) of such Act is amended by striking out everything in the first sentence after 'exceed' and inserting in lieu thereof 'the dollar limitation on maximum principal obligation that would be applicable to such mortgage if insured under section 235(i) of this Act.' ".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE V NATIONAL DEVELOPMENT BANK

§ 501. Short title

This title may be cited as the "National Development Bank Act".

§ 502. Findings and purpose

The Congress finds that inflation and high interest tight money conditions are making it impossible to meet the national housing goals for low and moderate income families and related purposes. Accordingly, the

Congress finds it necessary to establish a National Development Bank which will be a lending institution for credit worthy borrowers who are unable to obtain adequate funds or are unable to obtain adequate funds at reasonable rates because of economic conditions which curtail the availability of and raise the cost of loan funds from conventional lending sources.

§ 503. Definitions

(a) The definitions set forth in this section apply for the purposes of this title.

(b) The term "private pension fund" means a pension plan to which section 401(a) of the Internal Revenue Code of 1954 applies.

(c) The term "private foundation" means an organization subject to the excise tax imposed by section 4940 of the Internal Revenue Code of 1954.

§ 504. Establishment

There is created a body corporate to be known as the National Development Bank (referred to in this title as the Bank).

§ 505. Board of Directors

The management of the Bank shall be vested in a Board of Directors consisting of the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Housing and Urban Development, the Secretary of Labor, and ten other persons who shall be appointed by the President, with the advice and consent of the Senate. Of the ten persons so appointed, one shall be an elected or an appointed official of a State government, one shall be an elected or appointed official of a local government. All of the other persons so appointed shall be from the private sector. Two shall be from among representatives of organized labor, two shall be from among representatives of business and finance, two from among representatives of social welfare organizations dealing with the problems of low income urban residents and two shall be from among representatives of rural organizations dealing with economic and social problems of depressed rural areas. The directors shall serve at the pleasure of the President.

§ 506. Appointment of officers and employees

The Board of Directors of the Bank shall appoint a president of the Bank and such other officers and employees as it deems necessary to carry out the functions of the Bank. The president of the Bank shall be an ex officio member of the Board of Directors and may participate in meetings of the board except that he shall have no vote except in the case of an equal division. No individual other than a citizen of the United States may be an officer of the Bank. No officer of the Bank shall receive any salary or other remuneration from any source other than the Bank during the period of his employment by the Bank.

§ 507. Conflict of interest

(a) No director, officer, attorney, agent, or employee of the Bank shall in any manner, directly or indirectly participate in the deliberations upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested.

(b) The Bank shall not engage in political activities nor provide financing for or assist in any manner any project or facility involving political parties, nor shall the directors, officers, employees, or agents of the Bank in any way use their connection with Bank for the purpose of influencing the outcome of any election.

§ 508. General corporate powers

Except to the extent inconsistent with the provisions of this title, the Bank shall have the general corporate powers of a corporation organized and existing under the laws of the District of Columbia.

§ 509. Principal office, field offices

(a) The principal office of the Bank shall be located in the District of Columbia and the Bank may establish agencies or field offices in any city in the United States.

(b) Whenever necessary to fulfill the purposes of this title, the Bank is authorized to utilize the facilities and personnel of the field offices of appropriate Federal Government agencies and departments.

§ 510. Bank obligations generally

The Bank may issue bonds, notes, and other obligations whose maturity shall not exceed fifty years. All obligations of the Bank shall be fully and unconditionally guaranteed by the United States, and any securities evidencing such obligations shall state upon their face that they are so guaranteed. All obligations of the Bank shall be eligible for purchase by the Secretary of the Treasury, and the purposes for which the Secretary of the Treasury may issue obligations of the United States under the Second Liberty Bond Act are extended to include such purchases. In the event the Bank fails to pay any obligation when due, the Secretary of the Treasury shall pay the amount thereof and be subrogated to all the rights of the holder.

§ 511. Purchase by foundations and pension funds

(a) Any private foundation or private pension fund having assets in excess of $4,000,000 at the end of any calendar year shall in the following year purchase from the Bank obligations of the Bank in accordance with this section.

(b) Obligations purchased under this section shall have an average maturity at the time of purchase not exceeding ten years except at the request of the purchaser.

(c) Any obligation purchased under this section shall have a yield determined by the Board of Directors of the Bank to be consistent with yields on marketable obligations of Federal agencies then outstanding.

(d) The amounts and timing of purchases of obligation under this section shall be determined under rules prescribed by the Board of Directors of the Bank, but such rules may not require the purchase in any year by any purchaser of an aggregate amount greater than 2.5 per centum of that purchaser's assets (valued at market) at the end of the preceding year.

(e) Any private foundation or private pension fund which fails to purchase any obligation which it is required to purchase under this section shall be liable to the Bank in an amount equal to twice the rate of interest on the obligation for the period from the date upon which purchase should have been made to the date on which purchase was actually made or the date of maturity of the obligation, whichever is earlier. The liability under this section may be enforced by civil action in any court of competent jurisdiction.

(f) The Board of Directors of the Bank shall exercise their authority under this section, in the light of the actions taken by the Congress under section 528 of this title, the Secretary of the Treasury under section 510 of this title, and the Board of Governors of the Federal Reserve System under section 19(g)(2) of the Federal Reserve Act, in such a manner as to produce an aggregate capital of at least $4,000,000,000 or such lesser amount as may result from the limitation contained in subsection (d).

§ 512. Investment of commercial bank reserves

Section 19(g) of the Federal Reserve Act (12 U.S.C. 1465) is amended by inserting "(1)" immediately after "(g)" and by adding at the end thereof the following new paragraph:

"(2) In the determination of the amount of any reserve balance required under this section for any type or types of deposits specified by the Board for the purposes of this paragraph, there may be deducted, in whole or in such part as the Board may prescribe, any investments in obligations specified by the Board issued by Federal agencies for the purpose of directly or indirectly financing the construction or acquisition of residential real property."

§ 513. Purchase of assets by Treasury

The Secretary of the Treasury is authorized to purchase from the Bank any asset of the Bank at such price as may be agreed upon between the Secretary and the Board of Directors of the Bank.

§ 514. Discount by Federal Reserve banks

(a) The several Federal Reserve banks are authorized to purchase or discount any note or bond held by the Bank.

(b) Obligations of the Bank are eligible for purchase by the Federal Reserve banks at the direction of the Federal Open Market Committee.

§ 515. Investment status of the obligations of bank

All obligations issued by the Bank shall be lawful investments for, and may be accepted as security for, all fiduciary, trust, and public funds the investment or deposit of which is under the authority or control of the United States or of any officer or officers thereof.

§ 516. Utilization of federally insured financial institutions

The Bank shall utilize, to the maximum extent practicable, the services of any insured bank as defined in section 3 of the Federal Deposit Insurance Corporation or any insured institution as defined in section 401 of the National Housing Act as its agent to make or service any loan which the Bank is authorized to make under this title. The Bank may permit any such bank or institution to charge to the Bank a service fee of up to one-half of 1 per centum per annum on the average outstanding loan balance.

§ 517. Loans to middle-income families

(a) The Bank may make a mortgage loan in accordance with the provisions of this section to any mortgagor whose family income at the time of the acquisition of the property exceeds the maximum family income limits established under the provisions of section 235 of the National Housing Act, but does not exceed the median family income for the area in which the property is located, as determined by the Bank, with appropriate adjustments for smaller and larger families.

(b) A loan made under this section shall—

(1) be fully amortized and have a maximum maturity not exceeding thirty years,

(2) bear interest at a rate not exceeding 6½ per centum per annum,

(3) involve a single-family dwelling which has been approved by the Secretary prior to the beginning of construction of a one-family unit in a condominium project (together with an undivided interest in the common areas and facilities serving the project) which is released from a multi-family project, the construction of which has been completed within two years prior to the filing of the application for a loan with respect to such family unit and the unit shall have had no previous occupant other than the mortgagor, except that not more than 10 per centum of loans made under authority of this section may be made for the purpose of purchasing existing single family dwellings,

(4) involve a single family dwelling whose appraised value, as determined by the Secretary, is not in excess of $20,000 (which amount may be increased by not more than 50 per centum in any geographical area where the Secretary authorizes an increase on the basis of a finding that the cost level so requires), and

(5) be executed by a mortgagor who shall have paid in cash or its equivalent on account of the property (A) 3 per centum of the first $15,000 of the appraised value of the

property, (B) 10 per centum of such value in excess of $15,000 but not in excess of $25,000, and (C) 20 per centum of such value in excess of $25,000.

§ 518. Loans to eligible section 235 applicants

The Bank may make mortgage loans eligible for insurance under section 235(i) of the National Housing Act to applicants eligible for assistance under such section, but who cannot, due to the shortage of mortgage credit, obtain a mortgage loan with respect to which assistance payments can be made. Such loans by the Bank shall meet all the requirements of section 235(i), except that the rate of interest on such loans shall not exceed 6½ per centum per annum.

§ 519. Loans for low- and moderate-income rental and cooperative housing

The Bank may make mortgage loans to mortgagors eligible for assistance under the programs for low- and moderate-income rental and cooperative housing administered by the Department of Housing and Urban Development and the Farmers Home Administration, but who cannot, due to the shortage of mortgage credit, obtain such loans. Such loans by the Bank shall meet all the requirements of the program administered by such Department and Administration, except that the rate of interest on such loans shall not exceed 6½ per centum per annum.

§ 520. Construction loans

The Bank may make loans, under such terms and conditions as it may prescribe, to eligible applicants to finance the construction of low- and moderate-income rental housing projects assisted under programs administered by the Department of Housing and Urban Development and the Farmers Home Administration.

§ 521. Construction loans

The Bank may make or guarantee loans to developers, contractors, subcontractors, and other persons to finance the construction of low- and moderate-income housing.

§ 522. Technical and other assistance

(a) The Bank may provide to those borrowers and lending institutions utilizing the provisions of this title whatever assistance, technical or otherwise, it considers necessary to protect its investment and to carry out the purposes of this title.

(b) To assure fulfilling the purposes of this title, the Bank shall direct an adequate number of Bank staff members to seek out and confer with representatives of State and local governments, public agencies, nonprofit private organizations, companies, corporations, partnerships, and individuals, in order to provide information about the services furnished by the Bank to provide whatever assistance is necessary for full utilization of such services.

§ 523. Security

The Board of Directors of the Bank may authorize the Bank to make fully secured, partially secured, and unsecured loans and guarantee full secured, partially secured, and unsecured loans made by conventional lending institutions to carry out the purposes of this title.

§ 524. Guaranteed loans

The Bank may fully guarantee the entire principal of any loan made by any bank, savings bank, trust company, building and loan or savings and loan association, insurance company, mortgage loan company or credit union, which is made to carry out the purposes of this title and whose terms and conditions are approved by the Board of Directors of the Bank.

§ 525. Exemption

(a) Private pension funds and private foundations which have made investments in low- and moderate-income housing (as defined by the Board of Directors of the Bank for the purposes of this title) during any year following enactment of this title may apply to the Board of Directors of the Bank to be exempt from the purchase of Bank obligations in the amount of their investment in such low- and moderate-income housing mortgages or securities backed by low- and moderate-income housing mortgages authorized under the assisted homeownership and rental housing programs of the Department of Housing and Urban Development, the Veterans' Administration and the Farmers Home Administration of the Department of Agriculture.

(b) An exemption from the purchase of Bank obligations may be granted by the Board of Directors of the Bank if evidence presented by private pension funds and private foundations applying for such exemptions is satisfactory proof to the Board of Directors that such investments in low- and moderate-income housing mortgages or mortgage-backed securities have in fact been made—

§ 526. Taxable status

The Bank, its property, its franchise, capital, reserves, surplus, security holdings, and other funds, and its income shall be exempt from all taxation now or hereafter imposed by the United States or by any State or local taxing authority; except that (1) any real property and any tangible personal property of the Bank shall be subject to Federal, State, and local taxation to the same extent according to its value as other such property is taxed, and (2) any and all obligations issued by the Bank shall be subjected both as to principal and interest to Federal, State, and local taxation to the same extent as the obligations of private corporations are taxed.

§ 527. Audit by General Accounting Office

The General Accounting Office shall audit the financial transactions of the Bank, and for this purpose shall have access to all its books, records, and accounts.

§ 528. Authorization of appropriations

(a) There are authorized to be appropriated annually such sums as may be necessary to pay the difference, if any, between the interest paid by the Bank on its obligations and the interest received by the Bank on its loans, and to reimburse the capital of the Bank to the extent of any defaults.

(b) There are authorized to be appropriated for the permanent capital of the Bank such sums as may be deemed necessary in the interest of sound fiscal management.

(c) There are authorized to be appropriated such sums as may be necessary to provide for the compensation and expenses of officers, directors, and employees of the Bank, and for office facilities and similar items necessary to conduct the business of the Bank.

Mr. PATMAN (During the reading.) Mr. Chairman, I ask unanimous consent that title V and the rest of the bill be considered as read and open to amendment at any point.

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

Mr. WIDNALL. Mr. Chairman, I object.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that just title V 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.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 25, strike line 12 and all that follows down through line 22 on page 38.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the committee amendment to title V.

The CHAIRMAN. The gentleman can be recognized in opposition.

Mr. PATMAN. It has been considered as read.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes in opposition to the committee amendment.

Mr. PATMAN. Mr. Chairman, this is the amendment that is known as a National Development Bank. It provides for a source of funds for housing for low-income groups. It provides that pension funds and foundation funds may be used up to the extent of 2½ percent each year for the purpose of furnishing funds for this type of housing.

The reasoning behind that is that pension funds amount to a lot of money in this country. It goes into hundreds of millions of dollars. Housing needs a source of funds, and this is one source of funds. Certainly it would be unfair for us just to take 2½ percent of the pension funds. But some of the managers of pension funds, the biggest ones in the Nation, testified before our committee that our proposal was very fair, that their funds are tax-exempt, and any time the Government grants a tax exemption, the Government has a right to require something in the public interest that is not excessive or unduly burdensome.

So to these tax-exempt funds the Government is saying, "We want to require you to invest 2½ percent each year in the National Development Bank for housing for the low-income groups." The witnesses before our committee thought it was an ideal situation because most pension fund investments are not guaranteed by the Government. They have no guarantee of any kind. Under this plan they would be guaranteed up to the point that they invested in the National Development Bank, a guarantee by the Federal Government.

In addition to that, they would get a fair rate of interest. They would get the rate of interest that people receive on Treasury bills. Now they are at about 6.60. So at all times they would get the going current rate of interest on those investments.

The people in charge of these funds seem to think that is very fair. They would have not only a good return for the beneficiaries of their fund, and the beneficiaries certainly are in favor of it. So that makes it a double reason for not objecting to it.

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

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

Mr. KYL. The gentleman has said that when the Government gives a tax exemption, it has some right to make demands on the funds generated which are tax-free. What is the statutory basis of that?

Mr. PATMAN. There is no statutory basis for that. It is a question of what is right and what is wrong. If you exempt from taxation funds which normally would be taxable, you are giving them something. We need $4 billion a year, at least, for housing for low- and mod-

erate-income groups. This will not hurt the funds at all because these investments are guaranteed by the Government and have a fair return.

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

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

Mr. KYL. Further to clarify this matter, the tax exemption is not predicated on any further condition?

Mr. PATMAN. Not at all. They have a free ride.

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

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

Mr. MIZE. Mr. Chairman, we removed this title in the committee, as the gentleman pointed out in his opening remarks in the debate. The reason for that was (1) this is an emergency Home Finance Act.

Mr. PATMAN. Yes.

Mr. MIZE. The establishment of a National Development Bank is going to take a long time. That is one thing wrong with title V.

Now (2) it is terribly dangerous to start a program such as this committee stricken title would provide. Imposing on pension fund trustees, foundation trustees, some trust officers—Federal Government regulations on their investment policies is dead wrong and frightening.

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

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

Mr. MIZE. Mr. Chairman, if the gentleman will yield further, it is terribly dangerous to start a program where the Government is going to start telling the pension funds and trustees that they have to invest in anything, regardless of how worthy the program may sound. If we get away with this, perhaps in time we will say they must invest in college dormitories, and we will tell the trustees they may have to invest in such worthy things, as hospitals, the SST, and I am sure the gentleman from Illinois (Mr. YATES) will not approve of that, or any other area. This could wreck sound investment policies of trustees.

If we can leave this title out of the bill as recommended by the committee and we can get an emergency housing bill to the President and make a real contribution to the solution of the housing problem.

Mr. PATMAN. May I say in that case we will not have any emergency funds for housing. This is the only source of funds. This is $4 billion a year. This is a substantial source of funds. If we keep this in, we are sure of it.

The gentleman said it would take so long to get a National Development Bank into operation. It will take from now to the first of the year, but the housing shortage is going to be with us for years and years, and the question of a few months to get the Bank started is not as important as to try to start a plan to cure or to remedy the extreme shortage for low- or middle-income groups, so I think that should receive more consideration.

I hope this title V is adopted and that the amendment passed by the Committee on Banking and Currency is not agreed to; in other words, by not agreeing to the amendment we are restoring title V to the bill.

Mr. WIDNALL. Mr. Chairman, I rise in support of the committee amendment. The gentleman from Texas asserted that only this proposed National Development Bank, of which the Chairman speaks, will provide additional capital funds for the mortgage market and that the rest of the bill merely consists of various "interest subsidy" programs. It should be noted that the only new capital for mortgages made available in this proposal is that currently held by private pension funds.

The means by which this "new" capital would be obtained, however, is by coercion, by requiring pension funds to invest annually in the obligations of the bank under threat of civil liability and penalties. I wholeheartedly agree with the other Members who have pointed out that granting a Federal agency such a power over private savings is both unwise and dangerous.

If we remove this undesirable element of compulsion from the proposal, however, what have we left? We have an authorization to create a new bureaucracy and a new layer of housing programs beyond those we now have. It is difficult for me to see how this new bureaucracy will be different from, or an improvement over, our existing housing programs and institutions.

The bank could not do more than can be done presently through the Federal National Mortgage Association and the Government National Mortgage Association. FNMA is fully able to raise funds in the private market in the same way that the proposed bank would do. And the GNMA–FNMA tandem plan is fully able to absorb part of an unduly high effective interest cost on mortgages on assisted housing units. The need for a new institution to absorb a similar interest rate differential escapes me.

In addition to duplicating existing institutions and methods it should be emphasized that this proposed bank, because of the inevitable delay before it could be established, offers little help in alleviating our current housing crisis.

It is a housing emergency this House is addressing itself to today. The relevant measures for consideration are those which will provide some immediate relief, not long-range and questionable measures such as this proposed National Development Bank.

For these reasons, Mr. Chairman, I shall vote for the committee amendment.

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

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

Mr. PATMAN. Attempting to get money through FNMA will not provide a new source of funds. This National Development Bank is a new source of funds.

Furthermore, FNMA, in getting funds for housing, will be in competition with the corporations, and they are getting 12 or 14 or 15 percent for their money.

The gamblers and the speculators and all those people do not care about the interest rate. So FNMA would have to pay interest at the going market, at the market price, as they call it.

We are trying to establish a lower rate, a reasonable rate that people can pay. This would be a source of funds.

I respectfully say to the gentleman from New Jersey that he is not proposing a new source of funds. He is just proposing further competition in the marketplace, where the homeowner cannot compete.

Mr. WIDNALL. In section 1 of the bill there will be some $4 billion to $6 billion available for new mortgage credit. Another section of the bill provides $1,600 million. Some other sections will provide substantial millions also.

I urge adoption of the committee amendment.

Mr. BARRETT. Mr. Chairman, I rise in favor of the amendment for the National Development Bank and against the committee amendment.

I believe our Members, both here on the floor and in our committee, have been screaming about subsidies for many years. The gentleman from Texas inaugurated an approach to get reasonable interest rates, 6½ percent, without any interest subsidies under this proposal.

As he stated, this would establish an agency which would have money available at all times when interest rates go out of proportion. We can at all times have adequate money to meet the housing money needs.

We can accomplish under this bank provision probably 200,000 units per year. We need that much housing per year in order to meet our obligations and our responsibility for accumulating 26.2 million homes in the next 10 years. We are now producing only 1.2 million homes a year under present conditions.

There is a great demand for housing; there is a great demand for money. The great demand for housing is not being met because people know there is no mortgage money for it.

Everybody, back in 1935, opposed social security. It was something new, and they did not want to have anything to do with it. Today everybody will take credit for it.

While people are opposing this new approach today, to get mortgage money, I would say that 10 or 15 years hence they will be taking credit for it.

It is a responsibility of the Congress to get housing for the needy people in America. There are 6 million people living in substandard housing. We can take care of those 6 million people in about 7 or 8 years if we get this available money.

Ladies and gentlemen, I believe we ought to exercise our responsibility here today and vote down the committee amendment and support the amendment for the National Development Bank.

Mr. PATMAN. Mr. Chairman, may I ask if we can get an agreement on time for voting on title V? I wonder if 30 minutes from now would be sufficient?

The CHAIRMAN. Does the gentleman from Texas make a unanimous consent request?

Mr. PATMAN. Suppose we agree to vote at 6:05 p.m. or at 6 o'clock?

Mr. Chairman, I ask unanimous

consent that all debate on title V and all amendments thereto close at 6 o'clock.

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

Mr. BROWN of Michigan. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

MOTION OFFERED BY MR. PATMAN

Mr. PATMAN. Mr. Chairman, I move that all debate on title V and all amendments thereto close at 6 o'clock.

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

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Chairman, the membership of the House hardly needs to be reminded that the general unemployment rate for the Nation has reached 5 percent and is expected to go higher, and that the unemployment rate for construction workers is nearly 12 percent and is expected to go higher.

But I think something that should be pointed out in this debate is the economic impact that will be produced by establishment of the National Development Bank to finance 200,000 housing units for moderate- and middle-income families.

A special study conducted for the U.S. Savings and Loan League, which represents the Nation's savings and loan associations, states that the economic impact of a given amount of residential construction is not limited to the expenditure that directly results from this activity. The income received by individuals as a result of such expenditures appears again and again in the economy in the form of income to others as each set of recipients pays it out in consumption expenditures or taxes. The situation is commonly referred to as the multiplier effect.

The savings and loan study indicates that when the multiplier effect is brought into the picture the economic impact of $4 billion a year for housing can mean a total impact of twice that amount, $8 billion.

To illustrate:

Construction of 200,000 homes means a direct expenditure in housing of $2.7 billion.

Some $400 million will go into site preparation.

Related construction requires expenditures totaling $600 million.

Sales and closing costs come to $180 million.

And related retail sales amount to $600 million.

Moreover, the study shows that about 90 man-hours of labor are produced by each $1,000 of residential construction. This translates into 190,000 onsite construction jobs. It also means 254,000 offsite jobs, or a total of 444,000 jobs a year as the total employment impact of $4 billion in Development Bank loans for housing construction.

Mr. Chairman, the total amount of new employment opportunities that would be created through the Development Bank is almost half the total number of people who have joined the unemployment lists in the last 6 months. To put it bluntly, this Congress must not fail to restore title V to the Emergency Home Finance Act of 1970.

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

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I urge the Members to support the committee amendment which struck title V.

If title V is reinstated, it will be the first time that a nongovernmental private business entity would be required by law to invest its assets in certain securities. This requirement is unconstitutional.

Laws by the various States do proscribe investments that fiduciaries may voluntarily make which are called investments legal for trust funds.

If a trustee properly invests in those securities, he cannot be surcharged if a loss occurs. However, here we have a provision requiring a private financial entity to make a proscribed investment, or else suffer a penalty.

This purchase requirement is obviously a taking of property without due process of law and in violation of the fifth and 14th amendments of the U.S. Constitution.

The sovereign can regulate any situation within the so-called police powers. To regulate within this power the matter legislated against must be against the health, safety, or morals—welfare—of the public.

Now, obviously, the police power would not warrant this unreasonable use of power by the Government as provided in title V.

If foundations and pension funds can be forced to make these investments, then they must be fully indemnified for losses by reason of a decline in market value of the securities, even though payment at maturity is guaranteed by the U.S. Treasury. If title V is reinstated, I will offer an amendment indemnifying a forced purchaser from loss.

It is true that the Federal savings and loan associations can be required to make certain investments.

This is because they are creatures of statute, are licensed by the sovereign as Federal institutions and the sovereign can lay down rules for their granting them a charter: Foundations and pension funds are not creatures of statute, or set up by a governing body.

I, therefore, am against this involuntary purchase amendment because:

First. It is an unreasonable invasion of the privacy of those institutions.

Second. It is contrary to the fifth and 14th amendments—the taking of property without due process of law.

Third. There is nothing in the operations of foundations or pension funds that call on the exercise of the police power of the sovereign, at least not in this instance.

Fourth. The amendment requires asset purchases but does not indemnify the contributing purchaser for losses due to decline in the market value or any other financial hazard.

Fifth. It establishes a dangerous precedent in the field of private enterprise.

Sixth. It is an unwarranted raid on trust funds held by pensions of employees which are sacred funds whose security should not be jeopardized.

Seventh. The requirement that funds and foundations must buy these obligations is not based on any expressed Federal jurisdiction such as: The fact that they are federally chartered or federally insured, or because they rely on interstate commerce; actually there is no possible avenue of the use of Federal powers.

Eighth. If one argues that the amendment is constitutional because they accept some form of tax immunity, then this type of provision, if it is ever espoused, should be passed on by the Ways and Means Committee.

Ninth. If one argues that this investment requirement is an exercise of the right of eminent domain, that argument is unsound, because of the lack of public purpose, as required before eminent domain will lie, and no standard in the amendment to fix just compensation.

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

(By unanimous consent, Mr. BARRETT yielded his time to Mr. PATMAN.)

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

Mr. STANTON. Mr. Chairman, I rise in support of the committee amendment.

While I agree with the fundamental objective of inducing more investment in housing, I believe that the means proposed by Chairman PATMAN for doing this are both dangerous and undesirable. Although a variety of methods are provided for funding the proposed development bank, we should not be misled into thinking that any but one would ultimately be used.

Given the current inflation coupled with a shortage of capital in all sectors of our economy it is difficult to believe that Congress will appropriate the capital necessary for this proposed development bank or that the bank itself will be successful in raising the vast sums required in the private market. The purchase of bank obligations by the Treasury or the Federal Reserve System on the scale required is also unlikely and would certainly be unwise at this time for the effect of such purchases would be to further exacerbate current conditions of inflation and tight money. This leaves the assets of private pension funds as the real source of financing for the proposed development bank.

To me, it would be most undesirable if the managers of private pension funds, with their enormous responsibilities to their investors were deprived of the power to invest their funds as they deem best.

I believe most strongly that it is improper for the Federal Government, even in the guise of a federally chartered corporation, to assume direction of the investment of these billions of dollars of private funds. Ours is a mixed economy and it is essential that we maintain a balanced and proper relationship be-

tween the public and private sectors. In this respect I believe that this proposal upsets that balance and sets a most dangerous precedent.

If this proposal is proper for pension funds, what does this bode for the integrity of other private funds such as corporate funds or even labor union funds?

Mr. Chairman, while fully supporting the desire to help the housing situation, I must vote against this particular proposal as being both dangerous and unwise.

(By unanimous consent, Mr. STANTON yielded the remainder of his time to Mr. WIDNALL.)

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. WOLFF).

Mr. WOLFF. Mr. Chairman, I rise in opposition to the committee amendment and use this time to ask a question of the chairman.

Mr. Chairman, is it not true that the pension funds today have certain tax advantages?

Mr. PATMAN. Yes, sir, they are tax exempt.

Mr. WOLFF. Does this not place a greater responsibility upon these pension funds to contribute toward trying to solve the social problems of the Nation?

Mr. PATMAN. Yes, especially social responsibilities, and they recognize that. The witnesses who appeared before our committee recognized that and they said it was a good thing. It guaranteed their funds and gave them a good interest rate which also relieved them of a great responsibility. So it is good for both.

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

Mr. WYLIE. Mr. Chairman, I rise in support of the committee amendment.

No one doubts that the housing industry is temporarily in a depressed condition and relief must be granted. We do that by this bill. I do feel, however, that we must pass a bill that offers a solution without endangering other important economic interests.

Title V is highly objectionable because it would require, by compulsion of law, that private pension funds and foundations invest a portion of their assets in obligations of the National Development Bank. In a free society with a market economy based on the law of supply and demand, this is an unwarranted and unnecessary Government coercion in its worst form. This would be just beginning.

Pension funds and foundations were established and authorized by law for the purpose of fulfilling highly beneficial social ends. Foundations provide many philanthropic and research services. Millions of Americans depend on pension funds for security in their retirement years. To insure proper performance, the law imposes a fiduciary responsibility on those who administer the assets of these trusts. The trustees have an absolute duty to invest the assets in a manner insuring the highest economic return consistent with prudent management.

If this amendment becomes law, the trustees would be hindered in discharging their fiduciary responsibility to the beneficiaries. It requires little imagination to envision a situation where sound investment opportunities superior to the National Development Bank obligations, would exist. Under the Chairman's proposal, the trustees may be required to invest in Government obligations yielding a lower return than interest rates available in the free market. The whole process of prudent and effective trust management would be undermined. The net effect would be to shift the burden of supporting housing to the beneficiaries of pension plans and foundations, such as retired workers and financially pressed educational institutions. Title V could surely work against the best interests of those who are often dependent on a trust for their livelihood.

In addition, the bank's obligations, being fully guaranteed by the United States, would be subject to the Federal debt limit and thereby require either an increase in that limit or a contraction of other priority projects.

Also, these provisions pose serious questions concerning the constitutionality of a forced investment requirement:

Mr. WYLIE: The unlawful taking by the State concept., Art. V, Amend. U.S. Const. ". . . nor shall private property be taken for public use without just compensation."

Most significantly, this approach will be a flagrant and arbitrary violation of the free investors market. To insure long-range economic benefits for the housing market, foundations, and pension funds, the free market mechanism should be allowed to determine generally the appropriate rates of interest to attract funds. For these compelling reasons, I urge my colleagues to vote against the amendment.

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

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

Mr. MIZE. On this matter of the tax status of these foundations, and pension funds, and so forth, it seems to me if their tax status is to be questioned then this should be faced directly by the Committee on Ways and Means rather than indirectly through some effort to finance the mortgage market or any other kind of investment.

Mr. WYLIE. I think the gentleman from Kansas has a valid point.

The CHAIRMAN. The Chair recognizes the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, I rise in opposition to the committee amendment to strike title V. This title, as I said earlier in the general debate, is the heart of the emergency home finance bill. Without this title in the bill, we will have a legislative empty shell with an impressive but misleading title. We will have another so-called truth-in-packaging bill without anything inside the package.

I do not know at what stage of the committee process on this legislation that the administration decided it did not want any measure enacted which would really result in an upsurge in home construction and the renewed purchase of homes. Perhaps the fear was that if people built or bought homes, it would be inflationary. For this is the one area of economic management in which the administration has been able to claim complete victory in its anti-inflation battle—it has stopped homebuilding and homebuying.

In any event, this title of the bill now before us—title V—was stricken in committee on partisan lines. All of the Republicans voted to strike. Nearly all—but not quite enough—of the Democrats voted not to strike this title. Now we are asking the House to reverse this defeat in committee.

Since only Democrats in the committee supported this title, I will direct my remarks on it largely to this side of the aisle. We want Republican support; we would welcome it. But I think the Democrats are going to have to bear the brunt on this one. After all, title V originated in committee as a Democratic proposal—to do something about housing and high interest rates, not just deplore the situation.

Title V grew out of two separate proposals which were supported by the Democratic caucus of the Banking Committee. One was Chairman PATMAN's proposal to tap the resources of pension funds and foundations, to require these tax-sheltered funds to invest a small portion of their vast assets in U.S. Government securities which are fully protected and guaranteed by the United States, and which are intended to channel funds into home mortgages. The other proposal which was endorsed by the Democratic caucus of the Committee on Banking and Currency was my bill, cosponsored by Housing Subcommittee Chairman BARRETT of Pennsylvania, for a direct loan program to middle-income American families not able to obtain mortgages in the normal money markets at reasonable rates of interest.

We decided to put these two proposals together into one—into what is now title V. We have Chairman PATMAN's proposal for raising funds from foundations and pension funds, and my proposal for direct loans to middle-income or moderate-income families—for long-term mortgages at rates of no more than 6½ percent.

There are two main objections to title V—one, that it forces or coerces pension funds and foundations to invest a very tiny portion of their assets—only 2½ percent—in a certain type of Government obligation. Well, of course, we already force the member banks of the Federal Reserve to do the same thing. But that is the first objection. The second is that the interest rate of 6½ percent which would be charged for the direct loans to middle-income families represent a subsidy.

That rate represents a subsidy, Mr. Chairman, only if you are ready to concede that for the next 30 years the Government will be paying more than 6½ percent for all of the money it borrows. The average interest on the entire national debt is less than 6 percent. On long-term bonds, of course, it is far less. Are we legislating today on the assumption that we will from this day forward—

for 30 years—be experiencing today's tight money interest rates? God help America if that happens.

If a citizen of average or median income buys a home today under one of the direct Government loans, provided for in title V, and pays 6½ percent interest to Uncle Sam on his mortgage, the citizen would receive a real break in terms of present mortgage interest rates, while the Government would be getting a better return than it is receiving now on the money it lends to Japan, Peru, Morocco, Saudi Arabia, Great Britain or any of our other commercial national borrowers.

If we can lend Japan $200,000,000 as we did last year, to buy various types of equipment in the United States, and charge Japan only 6 percent, can we not lend $20,000 to worthy families in our congressional districts at 6½ percent for 30 years? I think we can.

Mr. Chairman, I call upon every Democrat in this House who has made speeches, or cosponsored bills, or joined in ad hoc committees, or endorsed caucus resolutions opposing high interest rates or who has assured his homebuilders and constituents that he is opposed to the Nixon tight money high interest rate no-housing policy, to stand up and vote for those sentiments by voting against the committee amendment to strike title V.

And if any Republicans want to risk the displeasure of the President and possibly invoke the fiery ire of the Vice President by voting to provide housing—not promises but housing—for the American middle class, here is the best opportunity you will have to do so on this bill. If the committee amendment is sustained in Committee of the Whole House on the State of the Union, I am sure we will have a rollcall vote on it. I imagine a record vote to strike title V and destroy the chance to obtain vast new sources of mortgage funds for middle-income families at reasonable rates of interest would be a hard one to explain in an election year.

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

Mr. WILLIAMS. Mr. Chairman, I rise in support of the committee amendment which strikes title V. The fact of the matter is that this entire matter was considered very, very carefully in committee, and a majority of the committee members decided that title V should be stricken. Title V actually sets up the National Development Bank, which is simply another public corporation, just another bureaucracy. You have heard the distinguished gentleman from New Jersey (Mr. WIDNALL), describe the dangers of this title V. In addition to requiring pension money to be invested in this National Development Bank, this title V also contains very stringent penalties for any pension fund which fails to meet the requirements.

Mr. Chairman, I trust that the Committee as a whole will support the committee amendment to strike title V.

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

Mr. BROWN of Michigan. Mr. Chairman, and members of the committee, let us get right down to the heart of this title V. Title V establishes a National Development Bank which is purely a facade to impose a 2.5-percent investment levy upon every private foundation and upon every private pension fund on an annual basis. It violates every investor's rule. It may be unconstitutional. But if we are going to impose the 2.5-percent investment levy on private foundations and private pension funds it should be done as a condition to their maintaining their tax-exempt status and as such, it would be a matter to be considered by the Committee on Ways and Means.

There are numerous other objections to this proposal, but Foundations are deeply concerned about section 511 and for the following reasons:

Government should not undertake to specify how private funds should be invested. The compulsory purchase provisions of section 511 would replace, by Federal statute, the investment judgment of independent trustees, and managers of foundations and pension funds, who have fiduciary obligations firmly established under law. They would give the Government unprecedented control over the investment of private funds. The precedent could readily be used to extend governmental control over the investments of other private organizations, or subject more and more of the assets of private foundations and pension funds to government use.

Section 511 would restrict and reduce funds available to charity. Investment portfolios of foundations and pension funds, which are now managed to produce the best economic return for charity and pensioners, would be subject to artificial restraints to the potential detriment of the beneficiaries of the funds. Since H.R. 17495 allows private foundations and pension funds to substitute certain types of government obligations for the obligations required to be purchased under the bill, it is not even clear that section 511 would lead to any increase in housing funds.

Section 511 ignores the impact of the Tax Reform Act of 1969 on foundations. The Tax Reform Act already imposes a 4 percent tax on foundation investment income and contains compulsory payout provisions. Section 511 represents an additional potential reduction of private philanthropic resources. The Tax Reform Act also contains provisions to encourage private foundations to produce maximum rates of return on their investments; Section 511 would impose artificial restraints upon the management of foundation portfolios which could prevent a maximum return on investment.

Section 511 raises difficult Constitutional questions which have not been fully considered. To require private organizations to invest a portion of their assets in specified Government securities is an unprecedented government policy which requires careful scrutiny. Important Constitutional questions exist relating to the protection of private property, due process, and taking without just compensation. Moreover, Section 511 raises a serious question of equal protection under the laws since only private foundations and pension funds are subject to the provisions of the bill; no mention is made of the portfolios of universities, churches and of other tax-exempt organizations.

Mr. Chairman, I urge that the committee amendment be adopted.

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

Mr. WIDNALL. Mr. Chairman, I would just like to urge upon the House approval of the committee's action with respect to title V. I think it would be tragic if we adopted the original bill as submitted, and if it included a bite of 2.5 percent on the pension funds of the Nation.

We have had no urging by any of those involved with pension funds to adopt the course of action suggested by our chairman, to take, beginning for the first year, 2.5 percent of the funds with a possible 2.5 percent added each year thereafter. This could become a precedent for every committee in this House seeking this source of revenue to support pollution bills, education bills, medical bills and the like, all for good purposes.

The National Development Bank, as I said before, could not possibly be fully organized and running with its own bureaucracy before 1 year. The title of this bill is the Emergency Home Finance Act of 1970. It is perfectly ridiculous to be talking about this now, and wanting to spend so much money now, that if adopted right now cannot produce one single new unit of housing before the expiration of a year.

What came out of the committee can do the job, and can get things moving immediately. I urge adoption of the committee amendment.

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

Mr. PATMAN. I yield to the gentleman.

Mr. CONYERS. Mr. Chairman, the crushing weight of this Nation's housing crisis is centered primarily in just two areas of this country—the inner cities and the far outlying rural areas. The problem rests there largely because very little mortgage credit for moderate income housing is available from conventional lending institutions in either area.

Anyone who knows anything about the problems of our cities knows that conventional lending institutions located in the cities are funneling almost all of the mortgage funds into the affluent suburbs where people can afford the otherwise strangling mortgage interest rates that are being charged.

Banks located in small rural communities have always maintained that they do not have the capacity to make mortgage loans in any volume and meet the other credit needs of their clientele. What money is being provided for mortgages is coming from the Farmers Home Administration which is grossly underfunded and understaffed.

Mr. Chairman, title V of the Emergency Home Finance Act is a real attempt at answering the housing problems in both the inner cities and rural areas. It is the only provision in the bill that pro-

vides any real hope for home ownership for not only moderate income families, but low income families as well.

Last year the Department of Housing and Urban Development said that this country needs 26 million new dwelling units by 1978. To date, housing starts have declined to an average annual level of less than 1.2 million units. This describes an emergency housing situation and title V is the only provision in H.R. 17495 which would truly make it an emergency home financing bill. Title V is the only section of this bill with the potential to change existing mortgage lending patterns and get housing money at reasonable rates into the areas where it is most needed. I strongly urge that title V be restored to this legislation. Congress must begin to meet its commitment set over 20 years ago—"a decent home and suitable living environment for every American family."

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

Mr. PATMAN. I yield to the gentleman.

Mr. CLAY. Mr. Chairman, the administration, for reasons I find impossible to understand, is opposing title V of the Emergency Home Finance Act of 1970.

This is a posture that I find more than a little ironic in view of the statements of the Secretary of Housing and Urban Development, George Romney. Secretary Romney has clearly stated that private pension funds can and should constitute a major source of mortgage funds to meet the Nation's housing crisis and that they should be required to make such investments if they fail to do so to a significant degree on a voluntary basis. He gave a May date as the cutoff point for trial of voluntary purchase.

Secretary Romney has had at least two meetings with pension fund officials and the trust officers of large banks which administer most of the Nation's private pension funds. He was told at the first meeting that pension funds were not at all interested in increasing investments in this area. He came away from the second meeting with a commitment for an additional investment of $500 million in mortgages by these institutions.

That $500 million commitment, if it is ever fulfilled, represents an investment equal to slightly more than half of 1 percent of the total assests of noninsured private pension funds.

When compared to the total assets of both noninsured and insured private pension funds, it amounts to less than four-tenths of 1 percent of these assets.

One could hardly say the private pension funds have shown themselves willing to cooperate in meeting a critical priority need of the Nation in return for the enormous tax advantages they enjoy.

In my judgment, the least these institutions should do is to make investments in federally insured and guaranteed paper for low, moderate and middle-income housing in amounts equivalent to the tax advantage they now enjoy. Title V does not even require them to do that and title V, let me remind you, imposes no sacrifice or risk in order to raise loan funds for the National Development Bank for housing that it would create. The obligations it would market are fully negotiable, fully and unconditionally guaranteed, and would provide market yields equivalent to the yields on Treasury securities.

In effect, Development Bank obligations constitute an investment which is superior to the mortgages and the mortgage-backed securities that Secretary Romney thinks should be attractive enough for voluntary purchase by private pension funds.

Mr. Chairman, Secretary Romney himself has demonstrated the need for title V. It should remain what it was designed to be, the heart of the Emergency Home Finance Act of 1970.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. PATMAN) to close debate.

Mr. PATMAN. Mr. Chairman, 75 percent of these pension funds are administered by banks. It is a very lucrative business. I do not blame them for wanting to keep it. They do not want any policy made that would use part of these funds for anything else. It is in their interest that they stop it if they can.

But we are in an embarrassing position here in the United States. The Federal Reserve with their money managers have charge of the Government's credit.

That amounts to billions of dollars a year. But they are not alloting anything to housing.

It occurs to me that as much money as they have, they certainly could agree to let housing have some money but they will not do it.

We tried to get an RFC type organization organized which was so successful for 22 years and which gave people money for housing. But we were unable to do it.

We tried to utilize Federal Reserve credit and this pension bill. It seemed to be satisfactory to the people who had furnished the money. We thought it was ideal. It would be no more than 2½ percent of assets a year, guaranteed funds, and give them a fair rate of interest.

If this amendment to strike title II is agreed to, we have no source of housing funds.

Now what is offered for housing funds? The people who oppose this bill have made no offer of housing funds. It is the only source of funds that is proposed in either House of the Congress, and if we do this what can you tell the people who want housing funds? This is the only approach that is proposed and if we defeat that, what do you propose for housing funds?

It is very important that we have housing funds at a reasonable rate of interest. I trust you will give this matter great consideration. In case of doubt, vote for it and let it go to conference. The other body will vote on it and they would not agree to it unless there was something good proposed, and unless every question today is answered. So you cannot run any risk by voting for this. It will go to conference between the two Houses and the conferees will have an opportunity to act upon it.

The CHAIRMAN. All time has expired.

The question is on the committee amendment to strike out all of title V.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 86, noes 38.

Mr. PATMAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PATMAN and Mr. WIDNALL.

The committee again divided, and the tellers reported that there were—ayes 114, noes 58.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE VI—FLEXIBLE INTERSTATE RATE AUTHORITY

SEC. 601. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, is amended by striking out "October 1, 1970" and inserting in lieu thereof "October 1, 1971".

COMMITTEE AMENDMENT

The Clerk read as follows:

Committee amendment: Page 39, immediately below line 9, insert the following:

"TITLE VII—INVESTMENT OF COMMERCIAL BANK RESERVES

"§ 701. Amendment of section 19(g), Federal Reserve Act

"Section 19(g) of the Federal Reserve Act (12 U.S.C. 465) is amended by inserting '(1)' immediately after '(g)' and by adding at the end thereof the following new paragraph:

"'(2) In the determination of the amount of any reserve balance required under this section for any type or types of deposits specified by the Board for the purposes of this paragraph, there may be deducted, in whole or in such part as the Board may prescribe, any investments in obligations specified by the Board issued by Federal agencies for the purpose of directly or indirectly financing the construction or acquisition of residential real property.'"

Mr. WIDNALL. Mr. Chairman, I rise in opposition to the committee amendment.

The CHAIRMAN. The gentleman from New Jersey is recognized in opposition to the committee amendment.

Mr. WIDNALL. Mr. Chairman, this amendment would effect a most serious and potentially far-reaching change in basic banking policy.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. WIDNALL. I yield to the Chairman.

Mr. PATMAN. I ask unanimous consent that all debate close in 10 minutes, the time to be divided so that the gentleman from New Jersey will have 5 minutes and there will be 5 minutes in opposition.

Mr. WIDNALL. Mr. Chairman, I object.

Mr. Chairman, without any statutory limitations or standards whatsoever the Federal Reserve Board would be granted the power to direct the flow of bank reserve funds into a specific sector of the economy. If this precedent is established for housing, who among us will be able to justify not also permitting reserve deductions for bank ownership of municipal obligations, for farm credit obligations, or for small business credit obligations?

Meanwhile, what would happen to the

value of the dollar? I will tell you what could happen. I can see pressures on the Federal Board to give each sector of our economy access to the reserves of our banking system becoming so enormous that the Board will be unable to pursue any meaningful monetary policy. I do not like tight money any more than other Members of this House. But I recognize that we need it sometime to prevent runaway inflation. I certainly don't want to do something here that would make it impossible for the Federal Reserve to implement the kind of overall monetary policy it feels is appropriate.

The Board does not want this authority. It has even expressed doubt that the mortgage market would gain significantly from its operation. The administration does not want it. In my opinion, the only parties who would be certain to gain from such a proposal are the banks, who would be handed hundreds of millions in windfall profits.

Mr. Chairman, I strongly oppose this amendment and urge that it be struck from the bill.

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

Mr. Chairman, this amendment is certainly not a dangerous amendment. It is not a crackpot amendment, or anything like that.

This method of directing of reserves is used by central banks throughout the world. If we remember, in 1966 there were many builders who came to our offices, saying they did not have any money, and many savings and loan associations came to our offices saying they had to have money for housing. I think this year we have been receiving delegations from the housing industry and from the banks and from the savings and loans and from the building trades saying they are practically out of business, that housing is lower now than it has been for years. Unemployment is going higher in the housing business.

What happens? Why is it that every few years we just cannot build housing? How come every few years the housing business hits rock bottom?

The reason is that every time we have a tight money policy, we find long-term money, the money we need for mortgages, the money we need to build houses, is changed into short-term money. We cannot find a loan to buy a house because long-term money has been translated into short-term money, which doesn't build houses. The person who has money is investing in the 60- to 90-day money market, because money rates are changing so much that he is not willing to bet on long-term money market that mortgages depend on.

We have to do something to counter this cycle. We have to have some type of countercyclical device, and that is exactly what title VII is. It is a countercyclical device. So if the Board feels that tight money is drying up long-term money hitting the home building industry, the Board can tell the banks, "You can invest 10 percent of your reserves, which are not now making money, in Government housing paper created to stimulate housing." That is all this does.

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

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

Mr. BARRETT. Is it not true that if they use 10 percent of their reserves we can get approximately 150,000 units? Just using 10 percent of the reserves would provide approximately $3 billion.

Mr. REES. The gentleman is correct. I believe it would be far more than $3 billion.

This would not cost the U.S. Treasury anything. It would not create a new Government corporation. All it would do is take money which is not presently being used, not earning interest, not now in the economy, and translate this money into long-term investments to take care of the problem of the housing industry and of the average American who would like to buy a home but cannot buy a home.

This is not mandatory. It says that the "Federal Reserve Board may."

A member of the Federal Reserve Board is appointed for 14 years, and I think has the security of position to make a well thought out rational decision.

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

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

Mr. CONYERS. If this is a discretionary authority, and cities like the one which I am proud to represent, Detroit, are crippled because of the housing shortage, why would anyone object to giving discretionary authority for the use of this money? I do not understand the opposition to the gentleman's position.

Mr. REES. It is hard for me to understand, because a member of the Federal Reserve Board is in a nonpolitical position. He is appointed for a 14-year term. I believe he should have the courage to say "No" if he does not believe this is the right policy.

Mr. CONYERS. Did not this idea come from Gov. Andrew Brimmer, who originally conceived it?

Mr. REES. Governor Brimmer, I believe, has been a pioneer in the Federal Reserve Board in discussing a method by which the Federal Reserve can push long-term money back into the economy.

Mr. PATMAN. Mr. Chairman, I move to strike the last word.

May I invite the attention of Members to an article just off the ticker:

WASHINGTON.—The federal home loan bank system has begun the purchase of government-backed mortgages from its member savings and loan associations and mutual savings banks as a move to channel more money into the home mortgage market.

Chairman Preston Martin of the Federal Home Loan Bank board said the 12 regional banks have undertaken "for the first time in the system's 38-year history a new form in our commitment to the nation's critical housing needs."

The purchase of mortgages insured by the Federal Housing Administration and guaranteed by the Veterans' Administration will provide the saving and loan associations with additional funds for new mortgage lending.

Martin said the regional banks would accumulate the purchased mortgages until they have enough to form a pool of $200 million to $300 million, at which time bonds will be sold by the government national mortgage association, backed by the mortgages.

Listen to this, my friends, for this is astounding:

A pricing committee of the regional banks decided on a price of 97 percent for 8½ percent FHA and VA mortgages, 93.50 percent for 8 percent mortgages and 90 percent for 7½ percent mortgages.

That means that the amount of interest for FHA will be 12½ percent, and on the Veterans' Administration mortgages it will be 14 percent. That is where interest rates are going.

It occurs to me that there is a challenge to this House. If we vote down the only source of funds that is proposed, we should propose something else in the way of a source of funds for housing, for people to have shelter.

We talk about environmental quality. You cannot have environmental quality in this country unless you take into consideration our 55 million families. They are the ones we should keep in mind. Anything, of course, that helps them is fine, but anything that hurts them is against the interests of our country and we should be against it. You cannot have environmental quality unless you have a decent home or you permit a person earning a fair salary to acquire a home at a reasonable price, a decent home for himself and his family, and particularly his children of school age.

So, Mr. Chairman, I expect to ask for a record vote on title V, and I believe it would be a great mistake for Members to vote against title V or, in other words, to vote to sustain the committee amendment and to strike it out of the bill without proposing an alternative.

Where are you going to get the money? What is your proposal? We have suggested ours. If you are against the suggestion, then suggest something that is better.

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

I do not know what the property picture is in the rest of the 434 congressional districts, but let me tell you what it is like in the First Congressional District in Detroit. We cannot get mortgages. We are short of new housing. We cannot get them built. Every member of the Michigan delegation knows that to be the fact. What I want each of you to ask yourself is why are we resisting a very simple, well constructed provision that would give discretionary authority to the Federal Reserve Board to do something that we claim we are so concerned about; namely, loosening up the money and make it more available to the citizens of this country who want to build homes? I do not understand what this House of Representatives is doing today. If we delete this important provision sponsored by the gentleman from California (Mr. REES) from this bill, I think we will have callously ignored one of the most serious problems in our society. I am astounded that my colleagues from the Michigan area who know the problems in the Detroit area are not helping us keep the Rees amendment in the bill.

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

This amendment must be defeated. This amendment gives complete discretion to the Federal Reserve Board to allo-

cate a portion of the cash reserves in our commercial banks to the housing industry. If they can be allowed to do this with the housing industry, then why not do it for other logical and legitimate purposes? This would just be the beginning, a foot in the door. What is the purpose of a cash reserve; to make it available to the depositors in case of emergency? I submit that this would be a dangerous precedent-setting step if we allow this amendment to be adopted.

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

Mr. WYLIE. In just a moment, if you please.

The Federal Reserve Board Chairman, Mr. Burns, strongly opposes this proposal. After expressing doubt that the mortgage market would gain sufficiently from the operation, he pointed out, in his words, and I quote: "The process by which the free market allocates resources in accordance with the public preferences would be jeopardized."

I submit that the words of Chairman Martin deserve to be paid attention to. As I said before it would be a dangerous precedent, and we should not allow this amendment to be passed.

Mr. CONYERS. Will the gentleman yield now?

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

Mr. CONYERS. Will you tell me, sir, just exactly what is wrong with the idea of giving discretionary authority to the Federal Reserve Board to provide money for Americans to buy homes? We are providing assistance to business and industry in countless numbers of ways, as you well know. We are subsidizing most corporations that are successful and some that are not. Why can we not loosen up some money for the American people?

Mr. WYLIE. If the gentleman please, we do not allow the Federal Reserve Board the discretion now to divert money from cash reserves for any purpose.

Why not for environmental pollution? Why not for one of many other laudable purposes?

Mr. CONYERS. Because no one has asked that this be done for environmental pollution.

Mr. WYLIE. That is exactly the point I am making. However, that could be the next step.

Mr. CONYERS. May I say to the gentleman from Ohio we have before us for consideration a housing bill which many prospective homeowners look to as a possible means to be afforded a small measure of relief in a viciously tight money market. We are not talking about ecology. But I wonder if my colleague will be as intransigent on that subject as he is on this one. But, let us talk about housing. Let us assume a minimum amount of responsibility and free some money for Americans to buy homes.

Mr. WYLIE. That is what this bill does.

Mr. CONYERS. I have a growing number of constituents who want to buy homes but cannot afford to do so because of the tight money market, and I suspect that the same situation may obtain in your own district.

Mr. WYLIE. This bill would generate at least $7.5 billion according to the witnesses. It is essential that this bill pass as an emergency measure. This section was not in the bill which passed the Senate by a vote of 72 to 0.

Do we want an emergency housing bill or do we want to become bogged down with other things? I might ask the gentleman what is the purpose of the cash reserve?

Mr. CONYERS. We are not bogged down in anything and the gentleman knows it. This provision was passed in the committee on which you serve. That is why if necessary, there is going to be a record vote on it. It is about time that we give the public some consideration and act as if we are vaguely aware of a housing crisis that worsens as we balk at every new means of aiding home buyers.

Mr. WYLIE. Do we want a housing bill now or do we want delay.

Mr. CONYERS. Well, let me tell you what it is. We desperately need a housing bill that goes far beyond these modest emergency provisions, at best only a small portion of our citizenry who seek better housing opportunity will be affected. Everyone in this Chamber knows the Congress has yet to develop a program that will show that we are sincere in our rhetoric and that we realize the terrible price that will continue to be paid for our indifference to the needs of our people.

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

Mr. Chairman, I would like to make a couple of observations and bring to the attention of the House what we are really talking about. It is a mistake to say if you do this for housing, you will have to do it for small business or many others. As a matter of fact, if we do this for VA and FHA housing we are doing it for mortgages which are guaranteed by the Federal Government that puts up the money.

The big problem we have in the United States today—and anyone who knows the true situation knows we have a liquidity problem because there just simply is not enough money. It seems to me it would be well advised under these circumstances that there be a source of liquidity in the cash reserves that are held by the banks and even required by the Government under a mortgage guaranteed by the Government which is a comfortable area into which we can move. We can loosen some of the liquidity, however, in the system. And, if you do not think we have a liquidity problem in the United States going clear across the board, just think about the situation with reference to Penn Central and think of the many, many other corporations which have this same problem. There is an old country saw to the effect that "if you want cherries you must go where the cherries is." The truth of the matter is that there is not enough money to go around and we are trying to allocate available liquidity under these reasonable restraints. A. Only 10 percent of cash reserves, B. Only when the Federal Reserve Bank agrees it should be done.

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

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

Mr. REUSS. I would like to ask the gentleman from California this. Is not the effect of this permissive language to insure that the Fed, if it has the will to use the language, will see that that money is going into housing, and not into building new gambling casinos in the Bahamas, or into funds for conglomerate take-overs, and so on? Does it not involve a value judgment which this Congress is capable of making?

Mr. HANNA. The gentleman from Wisconsin makes a very good point. One of the problems we face in this country as you know right now is the pressure on the Fed to loosen up somewhat so that there will be a growth in the money supply. Gentlemen, you cannot change the growth in the money supply without a basic increase in the wealth of the country. And, what the gentleman from Wisconsin points out is the fact that in the building of housing, you have the most assured long-term investment that you could obtain. This would justify some increase in the money supply. We are now trying to get out of a dilemma because there is a liquidity problem both in the private and public sectors. The only way you can unravel this skein which has been woven in the dark of night with no one guiding the hands who are doing the knitting is to develop the utilization of what you have in liquidity to build our wealth in such a manner that you can justify the money supply increase.

So I think that the gentleman's suggestion is not so novel; is not such a departure that you should be afraid of it. It is something that is done in some of the leading countries throughout the world. Their central banks are already doing this, so it is not something we are asking our central bank to do that does not have a history.

So I suggest you think about this very seriously in terms of what you are doing to try to break through the liquidity crisis and try to create a new basic wealth on which new money supplies can be built, and in which the people can have confidence. I think you can depend on your Federal Reserve Governors to utilize this authority using very sensible judgment that will justify your confidence in their ability and their understanding of the problem this country is facing.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

Mr. WILLIAMS. Mr. Chairman, I object.

MOTION OFFERED BY MR. PATMAN

Mr. PATMAN. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recog-

nizes the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Chairman, I oppose the committee amendment.

Title VII of H.R. 17495, as reported, provides that banks that are members of the Federal Reserve System may, to the extent allowed by the Board of Governors, treat their investments in obligations of housing-related Federal agencies the same as deposits at their Reserve banks for purposes of meeting their reserve requirements. Since the member banks receive no return on their deposit balances at their Reserve banks, the prospect of switching from a nonearning asset to an earning asset would seem to serve as a powerful inducement for them to invest in these agency issues, thereby increasing the flow of funds into housing.

This proposal, however, has drawbacks not apparent at first blush. Suppose reserve requirements were not changed, and each member bank were allowed to meet 10 percent of its reserve requirement in this fashion. If total reserves of the banking system are not to rise under those conditions, then reserve balances at the Federal Reserve banks would have to fall by 10 percent or roughly $2 billion. To achieve this the Reserve banks would have to sell $2 billion of Treasury securities in the open market.

Such sales would, of course, tend to drive up interest rates on Treasury securities, as well as other money market instruments. Besides raising the costs of Treasury borrowing, this would tend to make it more difficult for thrift institutions to attract savings funds. And it would also add considerably to the pressures now evident in financial markets.

Another alternative would be simply to allow bank reserves to increase by $2 billion. This would mean an increase in money and credit of several times that amount—clearly a prescription that encourages inflation.

A third alternative would be to raise reserve requirements by the amount that the member banks are expected to add to their holdings of agency issues under this proposal. That, of course, would seriously impair the attraction of the proposal for the banks, although it might be managed in such a way as to force the banks to add to their holdings of agency issues as the least costly way of meeting their increased reserve requirements. Under such a policy of forced investments in agency issues, banks would have to make corresponding reductions in their other loans and investments, such as Treasury bills, municipal bonds, or mortgages. The consequences in financial markets could be much the same as those discussed under the first alternative, above.

In a letter dated May 12, 1970, to Chairman PATMAN, Federal Reserve Chairman Burns strongly opposed this proposal. After expressing doubt that "the mortgage market would gain significantly from the operation," he pointed out that the proposal would impair "the process by which the free market allocates resources in accordance with public preferences" and would result in mounting demands for similar special assistance from other borrowers such as State and local governments and small businesses.

As is pointed out in the individual views filed by Congressman BROCK in the committee report, not one word of testimony was had on this most important and potentially far-reaching change in basic banking policy. It is an incredible grant of authority to the Federal Reserve Board without any statutory limitations or standards whatsoever.

This committee amendment should be rejected.

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

Mr. REES. Mr. Chairman, this amendment is simple. It says the Federal Reserve Board, if they wish, can allow banks to invest, for example, 10 percent of their current reserves in housing paper, Government guaranteed housing paper. All they do is exchange paper dollars for guaranteed Government paper.

What this means is you have a counter cyclical device to be used in periods of tight money, when money is not going into housing. A redirection of a small part of bank's general reserves into long-term housing paper. It does not come into force—and I repeat, it does not come into force—until the members of the Federal Reserve Board, who are appointed for 14 years, vote and decide to use this device, and set up the rules and regulations. It is a simple amendment. It does not create a new Government corporation. It does not take any money out of the Treasury; it redirects priorities during periods of tight money.

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

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

Mr. STEPHENS. Mr. Chairman, I would ask the gentleman if I am correct that it is my understanding—and I would like the gentleman to verify this—that this does not require the Federal Reserve to do anything, it gives them permission, and so they can make rules and regulations, but it does not make it mandatory for them to do anything?

Mr. REES. It is purely permissive.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that my time be allotted to the gentleman from California (Mr. REES).

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

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

Mr. REES. Mr. Chairman, I make the point again that this is purely permissive. It calls for a minor redirection of funds from a short-term money market in a period of tight money into a long-term market.

If we had had this type of provision before, I think we could have eased considerably the slump that occurred in the housing industry. I think we could have made sure that middle America would have been able to buy a home at reasonable interest rates.

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

Mr. REES. I yield to the gentleman.

Mr. HANNA. Is it not true also that there is a safeguard here provided by this very bill that has not been available up to now, in that we are expanding the secondary mortgage capabilities in this country. If the banks in particular or peculiar circumstances want to reconvert back in cash, we actually have by this bill a broader market for the secondary field than was ever available before.

They would be able to do that with only a slight loss in terms of their yield; is that not correct?

Mr. REES. The gentleman is correct.

With this type of amendment, there would not be any need for the type of Treasury financing we have in the bill before us.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. COLLIER).

(By unanimous consent, Mr. COLLIER yielded his time to Mr. WILLIAMS.)

The Chair recognizes the gentleman from Pennsylvania (Mr. WILLIAMS).

Mr. WILLIAMS. Mr. Chairman, the gentleman from California says that this is a simple amendment.

I want to tell you that this is an extremely dangerous amendment, because in this amendment we are tampering with the liquidity of the commercial banks of this country.

Title VII—Investment of Commercial Bank Reserves—is referring directly to cash reserves.

The Federal Reserve Board requires banks to keep on hand a cash reserve that has a relationship to the deposits in the banks. Just as soon as we start to tamper with the cash reserves, which the banks need for their day-to-day operations, we are endangering the banking system of this country.

All we would have to have is a recession and a run on the banks, and the banks with insufficient cash reserves will be closing their doors and we will be precipitating another disaster such as we experienced in 1929 and 1930.

There are ways to handle this. I have already said that the Federal Reserve Board requires cash reserves based on their deposits. We could change that by requiring banks to retain cash reserves based on their investments, and the Federal Reserve Board has the right to do it right now.

The Federal Reserve could require lower cash reserves on housing paper and higher cash reserves on high return corporate paper or other investments. This would be an incentive for commercial banks to invest more money in residential housing mortgages without reducing their cash reserves.

Incidentally, this amendment was adopted without any witness before the committee asking to be heard on this section or asking to make a comment on it. It was put in on the very last day in an executive markup session.

Mr. Chairman, this amendment has not received the proper consideration. It is dangerous and I urge the defeat of the amendment.

The CHAIRMAN. The Chair recog-

nizes the gentleman from Illinois (Mr. PUCINSKI).

Mr. PUCINSKI. Mr. Chairman, I will ask the sponsor of the amendment a question. As the chairman of this committee has said—it costs a homeowner in today's high interest rates—$58,000 to buy a $22,000 house over the life of his mortgage. To what extent would this amendment help to bring that cost down. How would it help bring interest rates down?

Mr. REES. I think this amendment could cut the interest rate approximately 1.5 percentage points and I think that on a $58,000 house there is a substantial reduction in the overall cost of that house when you amortize your interest.

Mr. PUCINSKI. You mean on a house that only costs $22,000, which is the price range for the average middle-income family. But when you are through adding the carrying charges and the interest rates on the loan for that house over the life of the loan, it would come out to $58,000. You say this amendment would bring that total cost down; during the life of the mortgage. Is that correct?

Mr. REES. I think we are talking about a saving of about $10,000.

Mr. PUCINSKI. That would be $10,000 that the home buyer could save if this amendment is adopted?

Mr. REES. The cost would come down that much.

I think the amendment would cut the interest rate approximately 1½ percentage points. I think in reference to a $58,000 house, there would be a substantial reduction in the over-all cost of the house.

Mr. PUCINSKI. You mean the $58,000 which includes the carrying charge. The house is only $22,000, which is what the average family hopes to pay, but when it gets through adding the carrying charges and the interest rates over the life of the loan, it comes out to $58,000, and this would bring that down?

Mr. REES. I think you are talking about around $10,000.

Mr. PUCINSKI. A $10,000 saving?

Mr. REES. Yes.

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

Mr. BLACKBURN. Mr. Chairman, I would just ask the members of the Committee to consider for a moment what we are doing here. What we are doing is passing an emergency housing act. We are not attempting here to tamper with the basic banking and monetary system which has served this country so long and so well.

This proposal goes to the very heart of our whole banking system. It is now proposed that we completely eliminate the liquidity that exists in the banking system. It is proposed that we take away from the Federal Reserve the tool that the Federal Reserve uses to regulate the supply of money in our economy.

I do not think any one of us, in the complete absence of any expert testimony, in the complete absence of hearing from the Federal Reserve or any other experts in the field of finance, is willing to tamper with anything as basic and as fundamental as the monetary and banking system that we are all dependent upon if our economic system is to continue to thrive and do well. I would urge the Members to vote down the committee amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. BARRETT) to close the debate.

Mr. BARRETT. Mr. Chairman, I just want to point out that the proposed action would not put the banks' reserves in jeopardy. It would not interfere with the liquidity of the banks. So, all that we are hearing here is absolutely fallacious. The bank would be far better off because whatever it would put into the housing program would be guaranteed by the Government. It would be making money instead of the 16 percent reserve standing still. Whatever percentage the Federal Reserve tells them to put into the mortgage market will make money for the bank, instead of the bank's money standing idle.

The CHAIRMAN. All time has expired.

The question is on the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. REES. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PATMAN and Mr. WIDNALL.

The Committee divided, and the tellers reported that there were—ayes 90, noes 90.

The CHAIRMAN. The Chair votes "yea."

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

TITLE VII—MISCELLANEOUS

§ 701. Settlement costs in the financing of Federal Housing Administration and Veterans' Administration assisted housing

(a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37, title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans.

(b) The Secretary and the Administrator shall undertake a joint study and make recomendations to the Congress not later than one year after the date of enactment of this Act with respect to legislative and administrative actions which should be taken to reduce mortgage settlement costs and to standardize these costs for all geographic areas.

§ 702. Emergency relief from interest rate conflict between Federal law and State law

Notwithstanding any other law, from the date of enactment of this title until July 1, 1972, loans to local public agencies under title I of the Housing Act of 1949 and to local public housing agencies under the United States Housing Act of 1937 may, when determined by the Secretary of Housing and Urban Development to be necessary because of interest rate limitations of State laws, bear interest at a rate less than the applicable going Federal rate but not less than 6 per centum per annum.

§ 703. Treasury borrowing authority for New Communities Program

Section 407(a) of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following: "The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out his functions with respect to the guarantees authorized by this title. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Secretary issued under this subsection, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under such Act are extended to include purchases of the Secretary's obligations hereunder."

§ 704. Security authorized for public funds deposits

Section 5(b)(2) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(2)) is amended by inserting before the period at the end thereof the following: ", and may give security for the safekeeping and prompt payment of public funds deposited in savings accounts (including certificates of deposit)".

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that title VIII, which I understand is the last title, be considered as read, printed in the RECORD, and open to amendment at any point.

Mr. GROSS. Mr. Chairman, reserving the right to object—and I do not intend to object—at what point is the amendment to be offered dealing with civil service coverage of the employees of this new Corporation?

Mr. PATMAN. Mr. Chairman, I do not know to which part the gentleman is referring.

Mr. GROSS. The gentleman told me earlier in the general debate that there would be an amendment offered for that purpose.

Mr. PATMAN. That is the one offered by the gentleman from Pennsylvania (Mr. BARRETT), to which I was referring. That is the only one I knew of, I will say to the gentleman from Iowa.

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

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 40, line 3, strike "VII" and insert "VIII".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 40, line 4, strike "§ 701." and insert "§ 801.".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 41, line 5, strike "§ 702." and insert "§ 802.".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 41, line 16, strike "§ 703." and insert "§ 803.".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 42, line 12, strike "§ 704." and insert "§ 804.".

The committee amendment was agreed to.

The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 42, line 16, strike "the safekeeping and prompt payment of".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 42, line 17, insert "(as defined by the Board)" immediately following "public funds".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 42, immediately below line 18, insert the following:

"§ 805. Savings and loan holding company assistance for low and middle income housing

"Section 408(b)(4) of the National Housing Act (12 U.S.C. 1730a(d)(4)) is amended by striking the semicolon in the last sentence and inserting in lieu thereof ', however, upon prior written approval of the Corporation the foregoing prohibitions may be waived to the extent such transactions make sums available to be used to assist in the provision of housing for low and middle income families;'.

"§ 806. Extension of time for continuance of certain activities.

"Section 408(c)(2) of the National Housing Act (12 U.S.C. 1730a(c)(2)) is amended by striking 'two' and inserting in lieu thereof 'five'.

"§ 807. State-wide lending for Federal Savings and Loan Associations

"Section 5(c) of the Home Owners' Loan Act of 1933 is amended (1) by adding after 'their home office' in the first sentence the following: 'or within the State in which such home office is located'; and (2) by substituting the word 'section' for the word 'proviso' used in the last clause of the second proviso.

"§ 808. Federal Savings and Loan Insurance Corporation reserve

"Section 403(b) of the National Housing Act is amended by changing 'twenty' in the third sentence to read 'thirty'.

"§ 809. Savings and loan associations as pension trustees

"Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by inserting before the next to the last paragraph a new paragraph as follows:

"'Any such association is authorized to act as trustee of any trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan which qualifies or qualified for specific tax treatment under section 401(d) of the Internal Revenue Code of 1954, if the funds of such trust are invested only in savings accounts or deposits in such association or in obligations or securities issued by such association. All funds held in such fiduciary capacity by any such association may be commingled for appropriate purposes of investment, but individual records shall be kept by the fiduciary for each participant and shall show in proper detail all transactions engaged in under the authority of this paragraph.'"

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment 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. ANNUNZIO. Mr. Chairman, I move to strike the last word.

Mr. Chairman, during the House Banking Committee's executive session on H.R. 17495, the full committee adopted an amendment I offered which increases from 20 to 30 years the time in which insured savings and loan associations have to accumulate at least 5-percent reserves.

This amendment was adopted without opposition. It merely gives the younger savings and loan associations—that is, those who have not been insured for 20 years—additional time in which to accumulate minimum reserves. This amendment is necessary because of the exceptional circumstances facing these savings and loan associations at this time. The interest or dividend rates paid by savings and loans today range between 5 and 6 percent. At the same time, these savings and loan associations have in their portfolio a large number of home mortgages which themselves return between 4½ and 6 percent. Thus, the earning squeeze is such that, even though the association puts into reserves the required percentage of income, the income is not sufficient to build the reserves to the required 5 percent.

This provision of 5 percent in 20 years was written into the law more than 35 years ago. At that time, interest rates were much lower. This amendment will permit savings and loan associations which have been insured for less than 20 years to continue in the loan market by permitting them to pay the competitive rates on savings accounts. If these institutions were required to place all of their earnings into a reserve in order to meet the 5-percent requirement, many would not be able to pay a competitive dividend rate and would therefore lose savings and would have to stop making loans.

The Federal Home Loan Bank Board maintains the authority to set forth required reserve allocations. Reserves will continue to build but the associations will have some additional time—up to 10 years—in which they can accumulate the minimum 5-percent reserve requirement. This amendment gives associations more flexibility at a time when interest rates have reached unforeseen heights.

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

I should like to ask the chairman of the committee to answer some questions.

Mr. Chairman, with respect to section 801, which deals with settlement costs and attempts to standardize such settlement costs, I have in my hand a communication from the Department of Housing and Urban Development in which the Secretary of Housing and Urban Development states that his intention in implementing this section is to continue his current administrative practice of reviewing closing costs to see that they are consistent with the accepted standards in each local area. Is that your understanding?

Mr. PATMAN. It is my understanding. It should be done.

Mr. BLACKBURN. I understand further, Mr. Chairman, that the purpose of this section is to permit the Secretary of Housing and Urban Development to determine just what are settlement costs and what are escrow costs, insurance, taxes, attorneys' fees, and other matters that are a part of closing costs.

Mr. PATMAN. That is right.

Mr. BLACKBURN. I thank the gentleman, and attach for the benefit of the members of the committee some information from the Department of Housing and Urban Development:

SECTION 801—SETTLEMENT COSTS IN THE FINANCING OF FHA AND VA ASSISTED HOUSING

This section would implement the recommendations of the Commission on Mortgage Interest Rates with respect to settlement costs on FHA and VA assisted housing.

It is anticipated that in implementing this section:

1. The Secretary of HUD would continue his current administrative practice of reviewing closing costs to see that they are consistent with the accepted standards in each local areas. Section 801 reaffirms the Secretary's authority to carry out such activities.

2. The Secretary and VA Administrator, in conducting the study on possible actions which should be taken to reduce and standardize closing costs would consult fully with all parties involved in a closing transaction including mortgage lenders, attorneys, title insurance companies etc. While institutional practices in different States and localities are a primary determinant of many of the charges made at a mortgage loan transaction the study would *also* focus on other important factors involved. For example, both Senate and House Committee reports urge that a thorough study be made toward developing a simplified method of locally controlled recording and guaranteeing of real estate titles to speed up and reduce the cost of real estate transfers.

3. In developing standards, the primary focus in the early stages will be to insure that prospective homebuyers are informed and have reliable estimates of closing costs within a reasonable time prior to the loan closing in order that they will have an opportunity to shop around for less expensive services if they so desire. Standards governing allowable costs will be developed as findings are made under the joint study of the Secretary and Administrator. These standards will be based on estimates of the reasonable charge for necessary services in-

volved in settlements for particular classes of mortgages and will only be developed after full consultation with lenders, attorneys and other parties involved.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. STEPHENS

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

The Clerk read as follows:

Amendment offered by Mr. STEPHENS: On page 44 insert the following new section after line 10:

"SEC. 810. Section 401(f)(2) of the Housing Act of 1950 is amended by striking out all that follows 'increased by' and inserting in lieu thereof '$6,300,000 on July 1, 1970.'"

Mr. STEPHENS. Mr. Chairman, this amendment would provide an additional $2,100,000 in authorization for college housing interest grants. This additional authorization is necessary to provide for the full budget request for fiscal 1971 now pending before the Congress. I believe this amendment will be acceptable to the other body since it has already acted on this item in Senate Journal Resolution 196.

The House and Urban Development Act of 1968 authorized a cumulative total of $20 million for college housing grants to educational institutions to provide for a grant between the market rate of interest on obligations issued to finance housing and related facilities and the 3-percent rate which would have been applicable if a direct Federal loan were made instead.

Because of the much reduced budgetary impact of the grant program as compared with the program of direct loans, the college housing program has been phasing into an interest grant program as fast as is practicable.

In the Housing and Urban Development Act of 1969, to provide for rising construction and interest costs, the Congress enacted an additional $4.2 million of authorization for a cumulative total through 1971 of $24.2 million.

However, it is currently estimated that the program levels authorized by Congress for 1969 and 1970 will require a supplemental contract authorization. A $5 million supplemental for this purpose is currently pending in the second supplemental appropriation bill for 1970.

The budget request for 1971 is for a $300 million program—the same level as for the last several years—to be supported by interest grants of $9.3 million. This amount, together with the amounts estimated to be used through 1970, would bring the total contract authority requirement to $26.3 million which is $2.1 million in excess of the amount authorized. If the additional funds are not authorized, the maximum that can be included in the appropriation bill is $7.2 million which is sufficient to support only a $250 million program. The following table shows the utilization of the authority and the additional authority necessary:

Contract authority in appropriation acts	
Fiscal year 1969, enacted	$5,500,000
Fiscal year 1970, enacted	6,500,000
Fiscal year 1970, supplemental	$5,000,000
Fiscal year 1971, budget estimate	9,300,000
Total requirements through fiscal year 1971	26,300,000
Contract authority included in section 401 of Housing Act of 1950, as amended	24,200,000
Additional authority required	2,100,000

I ask that this amendment be adopted.

Mr. WIDNALL. Mr. Chairman, this side will agree to the amendment proposed by the gentleman from Georgia. It is something that is wanted by the administration.

Mr. PATMAN. Mr. Chairman, we support the amendment on our side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. SULLIVAN

Mrs. SULLIVAN. Mr. Chairman, I offer an amendment, and ask unanimous consent that the amendment be considered as read.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Missouri?

Mr. STANTON. Mr. Chairman, reserving the right to object—and I am thinking of objecting—is it the intention of the gentlewoman from Missouri to substitute a bill that is nine pages in length and ask the Committee of the Whole to consider the bill as read?

Mrs. SULLIVAN. The gentleman is correct. This bill has been discussed in committee and has been through the hearings and the Housing Subcommittee knows about it and so does the full committee.

Mr. GROSS. Mr. Chairman, further reserving the right to object, do I understand that this has a $10 billion price tag on it?

Mrs. SULLIVAN. In 5 years; yes.

Mr. GROSS. Then, I think we ought to hear it read.

Therefore, I object, Mr. Chairman.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

Amendment offered by Mrs. SULLIVAN:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Home Owners Mortgage Loan Corporation Act".

FINDINGS AND PURPOSE

SEC. 2. The Congress finds that the many programs of Government, intended to assure good housing for the American family at prices it can afford, are incapable of achieving their goals during recurring periods of tight money and high interest rates. Many creditworthy families are being and have been denied mortgage financing on reasonable terms, not because of their inability to repay the obligation but because private funds needed for home financing have been diverted into other investment avenues. Such funds as are available for home mortgages are frequently offered only at unconscionable rates of interest. It is therefore the policy of the Congress and the purpose of this Act to stabilize mortgage availability and establish machinery for assuring moderate income families access to mortgage financing within their means, and thus to enable the average family to achieve its goal of home ownership, by providing direct housing loans through a Federal instrumentality to individuals in those instances where private enterprise cannot or will not extend loans at reasonable rates to credit-worthy applicants.

CREATION OF HOME OWNERS MORTGAGE LOAN CORPORATION

SEC. 3. There is hereby established in the executive branch of the Government an independent agency to be known as the Home Owners Mortgage Loan Corporation (hereinafter referred to as the "Corporation").

STRUCTURE AND MANAGEMENT OF CORPORATION

SEC. 4. (a) All the powers and duties of the Corporation shall be vested in a Board of Directors (hereinafter referred to as the "Board"), which shall consist of the Commission of the Federal Housing Administration and eight members appointed by the President with the advise and consent of the Senate. The Board shall consist of at least five public members who are not officials or employees of any branch of government, Federal, State, or local. Members of the Board other than the Federal Housing Administration Commissioner shall be appointed for terms of six years; except that (1) any members appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the members first appointed shall expire, as designated by the President at the time of appointment, three at the end of two years, three at the end of four years, and two at the end of six years, after the date of the enactment of this Act. The Board shall annually elect a Chairman and Vice Chairman from among its members. Public members shall be paid $100 per day for each day of work, plus travel expenses.

(b) Subject to the provisions of this Act, the Board shall determine the general policies which shall govern the operations of the Corporation, and shall have power to adopt, amend, and repeal bylaws governing the performance of the functions, powers, and duties granted to or imposed upon the Corporation by law.

(c) The Board shall select and appoint qualified persons to serve as the officers of the Corporation, with such functions, powers, and duties as may be prescribed by the bylaws or by the Board; and such persons shall discharge all of the executive functions, powers, and duties of the Corporation. The Board shall also provide for the appointment of such additional officers and employees as may be necessary for the exercise of the Corporation's functions, powers, and duties.

(d) The Board shall meet at the call of its Chairman or a majority of its members, but not less often than once each month.

(e) The Corporation shall maintain such offices as may be necessary or appropriate in the conduct of its business.

(f) No person shall serve as an officer or employee of the Corporation, while he is serving as a full-time officer or employee of any other department, agency, or instrumentality of the Federal Government.

(g) In the performance of and with respect to the functions, powers, and duties vested in it by this Act, the Corporation shall (in addition to any authority otherwise vested in it) have the same functions, powers, and duties as those prescribed for the Secretary of Housing and Urban Development by section 402 (except subsection (c)(2)) of the Housing Act of 1950.

HOUSING LOANS

SEC. 5. (a) It shall be the function of the Corporation, in order to carry out the purpose of this Act, to make loans to assist in

the purchase or construction of housing by individuals and families of moderate income who are unable to meet their housing needs at reasonable interest rates with the financing or other assistance which is available from other sources.

(b) A loan under this section may be made only for the purchase or construction of a single-family dwelling (or for the purchase of a single-family unit in a cooperative or condominium project) to be owned and occupied by the borrower, and may be made only to an individual or family who—

(1) has an annual income of not more than $12,000 unless the Board after full consideration determines a higher or lower maximum income level is advisable to carry out the purpose of the Act;

(2) is unable to secure the necessary funds from other public or private sources in the community at an interest rate considered by the Board to be reasonable and in no case higher than 6½ per centum per annum;

(3) would be an acceptable credit risk for purposes of whichever mortgage insurance program under title II of the National Housing Act involves housing of the most comparable type; and

(4) satisfies the requirements of this Act and such additional requirements and standards as may from time to time be prescribed and published by the Board.

(c) Any loan made under this section shall be in a principal amount not exceeding $24,000 and shall be secured by a first mortgage on the property. The Corporation may require the borrower to make a downpayment (not exceeding the downpayment which would be required if the housing were being purchased with the assistance of a mortgage insured under section 203(b) of the National Housing Act).

(d) Any loan made under this section shall be repayable within such period not exceeding thirty years as the Board may determine; and shall bear interest at a rate which shall be determined by the Board.

(e) Under arrangements to be entered into by the Corporation and the Secretary of Housing and Urban Development, loan applications under this section shall be processed by the Secretary on behalf of the Corporation, which shall pay to the Secretary (in advance or by way of reimbursement) the costs incurred therein.

HOME OWNERS MORTGAGE LOAN FUND

SEC. 6. (a) There is hereby created a revolving fund to be known as the Home Owners Mortgage Loan Fund (hereinafter referred to as the "Fund"), which shall be available to the Corporation without fiscal year limitation for carrying out the provisions of this Act.

(b) The moneys in the Fund shall be used for making and servicing loans under section 5, including the cost of processing loan applications as provided in section 5(e) (but not including any other administrative expenses which may be incurred by the Corporation in the exercise of its functions, powers, and duties under this Act).

(c) The Fund shall be credited with appropriations made pursuant to subsection (d), with all repayments of principal and interest on loans made under section 5, and with any other amounts which may be received in connection with the program under this Act. Any amounts in the Fund not needed for current expenditure may be invested in obligations issued or guaranteed by the United States.

(d) To provide the capital for the Fund, there is authorized to be appropriated the sum of $2,000,000,000 in each of the first five fiscal years ending after the date of the enactment of this Act, and such additional sum in each fiscal year thereafter as may be necessary to insure that the total amount received in the Fund during that year (including repayments and other receipts) will be at least $2,000,000,000. Any portion of the amount authorized to be appropriated in any of the first five fiscal years ending after the date of the enactment of this Act which is not so appropriated may be appropriated in any subsequent fiscal year.

CONSULTATION WITH OTHER AGENCIES

SEC. 7. In carrying out its functions, powers, and duties under this Act the Corporation shall regularly and fully consult with the Secretary of Housing and Urban Development and all other Federal departments, agencies, and instrumentalities having functions related to those of the Corporation, in order to ensure that the purpose of this Act is carried out efficiently, effectively, and without unnecessary duplication of effort.

ANNUAL REPORT

SEC. 8. The Corporation shall prepare and submit to the President and to the Congress each year a full and complete report of its activities, together with any recommendations it may have for additional legislative, administrative, and other action to achieve the purpose of this Act.

AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE EXPENSES

SEC. 9. There are authorized to be appropriated such sums as may be necessary for the administrative expenses incurred by the Corporation in carrying out this Act.

AMENDMENTS TO OTHER LAWS

SEC. 10. (a) Section 101 of the Government Corporation Control Act is amended by inserting "Home Owners Mortgage Loan Corporation;" after "Government National Mortgage Association;".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"(92) Members, Board of Directors of the Home Owners Mortgage Loan Corporation."

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be 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.

The CHAIRMAN. The gentlewoman from Missouri (Mrs. SULLIVAN) is recognized for 5 minutes.

Mrs. SULLIVAN. Mr. Chairman, we have gone through a bruising battle on title V to set up a National Development Bank, and we have lost.

But I am now offering an additional choice in solving this serious crisis in housing—the bill to set up the Home Owners Mortgage Loan Corporation. Instead of compelling anyone—banks, pension funds, foundations, or other such groups—to finance this program through compulsory purchase of the bonds of yet another Government corporation or bank, my amendment would depend upon appropriations to finance the initial operations of the lending corporation.

I would rather see us get the money in the fashion purposed by title V but the House would not go along.

All right. What does that leave us as an effective alternative? I believe the time has come to make direct Federal loans at reasonable rates of interest to moderate-income families when there is no other way to provide such loans for housing. We do it for the farmers and rural area people. We do it under the VA program. We do it for the very low-income. But we have frozen out the family which pays its own way and still cannot afford to buy a house because of the finance costs—not the cost of the house, high as it is, but the interest charges on the mortgage.

My purpose is twofold: to meet the urgent need for mortgages for moderate-income families and also to serve as a means to push interest rates down. The President will not use controls on interest rates or on unnecessary credit. He has the power and will not use it.

So we must devise a means for direct loans for use in those periods of time, such as the present, when interest rates are too high for families with incomes above the poverty level and up to $12,000 a year to get mortgages they can afford. This program would operate only when we are in the kind of credit inflation we are in right now. An independent board of directors, appointed by the President and confirmed by the Senate but not subject to administration discipline and control, would decide when the program should operate. Congress has a firm control over it through the appropriation process. If we do not vote the money, we are then responsible. But if we do vote the funds, the board of this agency, appointed by the President and confirmed by the Senate, would make the operating decisions.

If this idea is no good, then the Farmers Home Administration program is no good. And the VA direct loan program is no good. The loans under all of these programs can be made only when there are not other sources of mortgages at reasonable rates in the commercial market for the people who qualify. If you put this amendment into effect, you will be able to establish a fair yardstick of what is a reasonable rate. Then when the banks and savings and loans are willing to lend money at a reasonable rate, the Home Owners Mortgage Loan Corporation does not have to extend loans.

Mr. Chairman, I ask the Members to search their consciences and look at this from the standpoint of the people who are the backbone of their district—the skilled workers, the subprofessionals, the civil servants, the teachers, the policemen and firemen, the mailmen, the bus-drivers, the computer operators, who make a good wage or salary or income—enough to have to pay high taxes but not enough to afford a mortgage on a home.

We have poured our efforts into Fannie Mae and Ginny Mae, and now they are offering investors 5-year bonds at over 8 percent. How does that help the people we are concerned about? What do they have to pay? Ten percent? In Australia the rate is 12 percent on housing. It is a boom economy. There are more jobs than people, more opportunities for investment than funds to invest. That is not our situation today. Unless we act, we are holding funeral services for our prosperity.

That is why I say we have to step in and save the moderate income family from this mortgage money famine. This amendment provides a mechanism—not some strategy but a mechanism—to get

mortgages to the people in your districts who are now frozen out.

Even if you have misgivings about some technical feature of this bill—and nobody in this whole administration found anything to criticize in this bill except the fact that, they had a better idea—their idea being to subsidize the savings and loans like we are now subsidizing the banks on college loans—but they had no criticisms in our hearings of the mechanics of this bill now offered as an amendment—and so I say to the Members if you have misgivings about any feature of it, let us discuss the provisions and see what the objections might be.

The only real objection I have heard is that it adds to the budget. The question on that is the same question we have to face on any expenditure—is it worthwhile and necessary? The answer is "yes"—these direct loans are worthwhile and necessary. But all this money will be returned to the Treasury with the repayment of the mortgages by the homeowners.

Over the 30-year life of these direct loans, the Government will get back its full principle, plus 6½ percent interest a year. There is no long-term Government loan in existence which returns 6½ percent to this Government over 30 years. Right now, the rate of return on these loans would be less than the Government pays in interest. But how long can we let the Government continue to pay 8 and 9 percent on its obligations—particularly when we can let the same Government lend money to Japan—one of the richest countries in the world—at only 6 percent? I urge adoption of my amendment.

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

Mr. Chairman, this matter that is now so casually being taken up involves the expenditure of $10 billion through the appropriation process, directly affecting the budget of the United States, and would have a tremendous impact with respect to our obligations.

We all agree on the housing needs, and we all want to do something about them, but we also know how urgent the need is to keep from getting the country obligated into billions of dollars more of spending before we have the income to meet those obligations.

I would urge, and sincerely urge, the defeat of this amendment. It can certainly be considered when we have the omnibus housing bill, which is under consideration of the full committee at this time.

I hope we will vote down the amendment very quickly.

The CHAIRMAN pro tempore (Mr. HOLIFIELD). The question is on the amendment offered by the gentlewoman from Missouri (Mrs. SULLIVAN).

The question was taken, and the Chairman pro tempore announced that the noes appeared to have it.

Mrs. SULLIVAN. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. WIDNALL

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

The Clerk read as follows:

Amendment offered by Mr. WIDNALL: Add a new section at the end of the bill, to read as follows: Title IX of the Housing and Urban Development Act of 1968 is amended by adding after section 911 the following new section:

"STATE REGULATION

"SEC. ——. Nothing contained in this title shall preclude a State or other local jurisdiction from imposing, in accordance with the laws of such State or other local jurisdiction, any valid nondiscriminatory tax, obligation or regulation on the partnership as a taxable and/or legal entity, but no limited partner of the partnership not otherwise subject to taxation or regulation by or judicial process of a State or other local jurisdiction shall be subject to taxation or regulation by or subject to or denied access to judicial process of such State or other local jurisdiction, or be so subject or denied access to any greater extent, because of activities of the corporation or partnership within such State or other local jurisdiction."

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read, printed in the RECORD, and open to amendment at any point.

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

There was no objection.

Mr. WIDNALL. Mr. Chairman, I offer a technical amendment concerning the National Housing Partnership.

In title IX of the Housing and Urban Development Act of 1968, Congress provided the legislative framework for the creation of a new private mechanism by which firms not now engaged in the development of housing for low- and modate-income families could enter the field on a sound business basis. Title IX envisaged the creation of National Corporation for Housing Partnerships, a District of Columbia corporation and the National Housing Partnership, a District of Columbia limited partnership of which the corporation would be the sole general partner.

Pursuant to the terms of title IX, incorporators named by President Johnson and confirmed by the Senate organized National Corporation for Housing Partnerships in December 1968.

After President Richard Nixon took office, he asked the incorporators to continue their task of establishing the partnership and providing for the commencement of their business operations.

In June of 1969 President Nixon named Carter L. Burgess as Chairman and Chief Executive Officer of the Corporation.

In January of 1970, the Corporation made a public offering to raise necessary private capital for the Corporation and the partnership. More than 250 industrial and labor organizations, insurance, financial, and banking institutions subscribed for investments totaling more than $42 million.

These investors are stockholders in National Corporation for Housing Partnerships and limited partners in the National Housing Partnership. On June 11, 1970, the National Housing Partnership was formed as a limited partnership under the laws of the District of Columbia.

The Corporation and partnership, with funds and staff, are now undertaking their congressionally created task of encouraging and developing the construction of low- and moderate-income housing.

Under the organizational concept contemplated by the Congress the National Housing Partnership will become a minority partner in local limited partnerships which will actually develop, construct, and operate the housing for low- and moderate-income families. It was anticipated that each local partnership and the National Housing Partnership, as such, will be fully subject to whatever local tax and local process is generally applicable in the jurisdiction. It was not anticipated that the 250 or more limited partners in the National Housing Partnership would, by virtue of their remote and indirect interest in local partnerships, become subject to State and local taxation and process merely by virtue of their limited partnership status in the national organization.

Nevertheless, some industrial corporations and banks which have invested in the National Housing Partnership have expressed concern that they could complicate their exposure to State and local taxation and jurisdiction solely because of their interest as a limited partner in the National Housing Partnership.

The technical amendment offered would reaffirm the authority of State and local governments to tax and regulate local limited partnerships and their members including the National Housing Partnership. It assures limited partners in the National Housing Partnership that their participation in a congressionally sponsored private enterprise, created to help solve cur national housing problem, would not, of itself, expose them to unanticipated responsibilities and risks of State and local taxation and process.

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

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

Mr. PATMAN. Mr. Chairman, I would ask the gentleman from New Jersey if this is the amendment that is sponsored by Edgar Kaiser.

Mr. WIDNALL. I believe so.

Mr. PATMAN. Mr. Chairman, we have gone into the matter concerning this amendment, and we are willing to accept it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New Jersey (Mr. WIDNALL).

The amendment was agreed to.

(Mrs. HECKLER of Massachusetts (at the request of Mr. WIDNALL) was granted permission to extend her remarks at this point in the RECORD.)

Mrs. HECKLER of Massachusetts. Mr. Chairman, I vigorously support passage of the Emergency Home Finance Act of 1970. The word "emergency" was not applied to this bill without reason and forethought. Housing is a stricken industry, which is reason enough to offer it emergency assistance. The home construction season is underway, which justifies immediate and urgent action to ease the availability of funds for the housing market.

The average, would-be American

home buyer is nearly helpless in the face of unrelenting inflation and its destructive effects on housing. He cannot find a lender to give him a mortgage loan on the home he needs. Nor can the builder find the money he needs today. I think the urgency of responding to this critical situation should not have to be spelled out. The Banking and Currency Committee was cognizant of the severe problems afflicting housing when, after our many long hours of deliberation, it wisely and prudently reported a bill to the floor which essentially takes a significant step toward providing the emergency assistance that is required today.

I consider it appropriate to call attention to the words of the distinguished Chairman of the Federal Home Loan Bank, Preston Martin, who asserted in a statement on June 15:

I am convinced that the Emergency Home Finance Act of 1970 will give us the tools we need to turn housing around.

In addition, his statement to the presidents and other officers of the Federal Home Loan Bank System described the present crisis:

Mortgage funds are so scarce and so expensive today that lenders cannot meet their obligations to their borrowing public and to builders. The cost of funds has driven the rate paid by borrowers for housing to levels unprecedented in recent years. The moderate income family and the low income household are priced out of the market today.

None of this is to imply that I will not support prudent amendments to the bill which some of my colleagues may offer. But I think Chairman Martin is right. It will give us the tools to turn housing around. I come from a State, Massachusetts, which has a large and active savings and loan industry. I have received countless letters from these fine people stating that their need for funds for mortgage lending is indeed desperate. Other commercial lenders, the banks and thrift institutions, have the same complaints.

This bill is intended to assist the traditional mortgage sources. It will stimulate private investment in mortgages. It supplies the Federal agencies with new funds and new tools to help housing. Chairman Martin states that the $250 million authorization to the Home Loan Bank Board to adjust interest rates to members to promote the orderly flow of funds into residential construction would have the following effect:

The $250 million authorization would permit us to raise advances through savings and loan associations into increased mortgage lending of $4 billion a year. This can mean 240,000 housing starts.

He further asserts that the provision to create a Federal Home Loan Mortgage Corporation can lead to provision of an additional $2 billion a year for home mortgages, equivalent to financing about 80,000 family homes.

Surely, the other body, in voting 72 to 0 in April to enact a similar bill, was as concerned as we must be with the emergency in housing and especially the dire needs of the middle- and low-income families today.

Mr. Chairman, the only sure solution to the housing crisis lies in the efforts to control and end inflation. But housing should not be jeopardized because of a tight money market. It is too basic a commodity and too significant an industry.

Until inflation substantially eases, the Emergency Home Finance Act of 1970 can provide necessary relief. I again strongly urge its passage.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HOLIFIELD, Chairman pro tempore 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. 17495) to increase the availability of mortgage credit for the financing of urgently needed housing, and for other purposes, pursuant to House Resolution 1094, 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 the title V amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment on page 25, line 12, strike out all of title V.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. PATMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

PARLIAMENTARY INQUIRY

Mr. GERALD R. FORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GERALD R. FORD. The committee amendment on which we are called to vote now seeks to strike title V of the bill reported by the committee; an "aye" vote is to strike title V, a "no" vote is to keep title V in the bill.

The SPEAKER. The gentleman's statement, according to the understanding of the Chair, is correct.

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

The question was taken; and there were—yeas 216, nays 112, not voting 101, as follows:

[Roll No. 190]

YEAS—216

Abbitt	Beall, Md.	Boland
Abernethy	Belcher	Bray
Anderson, Ill.	Bennett	Brinkley
Andrews, Ala.	Betts	Broomfield
Arends	Bevill	Brotzman
Ashbrook	Biester	Brown, Mich.
Aspinall	Blackburn	Brown, Ohio
Baring	Blanton	Broyhill, N.C.
Buchanan	Hanna	Preyer, N.C.
Burke, Fla.	Harsha	Pryor, Ark.
Burleson, Tex.	Harvey	Purcell
Burlison, Mo.	Hébert	Quie
Burton, Utah	Hechler, W. Va.	Quillen
Button	Henderson	Rarick
Byrnes, Wis.	Hogan	Reid, Ill.
Cabell	Horton	Reid, N.Y.
Carter	Hosmer	Reifel
Casey	Hull	Rhodes
Cederberg	Hunt	Roberts
Chamberlain	Hutchinson	Rogers, Colo.
Chappell	Johnson, Pa.	Rogers, Fla.
Clark	Jonas	Rooney, Pa.
Clausen, Don H.	Jones, N.C.	Roth
Clawson, Del	Jones, Tenn.	Roudebush
Cleveland	King	Ruppe
Collier	Kyl	Ruth
Colmer	Landgrebe	Sandman
Conable	Landrum	Satterfield
Conte	Langen	Schadeberg
Crane	Leggett	Schneebeli
Cunningham	Lennon	Schwengel
Daniel, Va.	Lloyd	Scott
Davis, Wis.	Long, La.	Sebelius
Delaney	Lukens	Shipley
Dellenback	McClory	Shriver
Denney	McCloskey	Sikes
Dennis	McClure	Skubitz
Derwinski	McCulloch	Smith, Calif.
Devine	McDade	Smith, N.Y.
Dickinson	McDonald, Mich.	Springer
Dorn	McEwen	Stafford
Dowdy	McKneally	Stanton
Downing	McMillan	Steed
Duncan	Mahon	Steiger, Ariz.
Dwyer	Mailliard	Steiger, Wis.
Edmondson	Marsh	Stephens
Eshleman	Martin	Stubblefield
Evins, Tenn.	Mathias	Stuckey
Fascell	May	Taft
Fish	Mayne	Talcott
Fisher	Meicher	Taylor
Flynt	Michel	Teague, Calif.
Foley	Miller, Ohio	Thompson, Ga.
Ford, Gerald R.	Mills	Thomson, Wis.
Foreman	Minshall	Vander Jagt
Fountain	Mize	Vigorito
Frelinghuysen	Mizell	Waggonner
Fulton, Pa.	Monagan	Wampler
Fuqua	Morse	Watts
Galifianakis	Morton	Whalen
Gettys	Mosher	Whalley
Goldwater	Myers	White
Goodling	Nichols	Whitehurst
Green, Oreg.	O'Hara	Whitten
Griffin	O'Konski	Widnall
Gross	O'Neal, Ga.	Williams
Gubser	Pelly	Winn
Hagan	Pettis	Wold
Haley	Pickle	Wyatt
Hall	Pirnie	Wydler
Hammer-schmidt	Poage	Wylie
	Poff	Wyman
		Zwach

NAYS—112

Adams	Gibbons	Nedzi
Addabbo	Gonzalez	Nix
Albert	Gray	Obey
Anderson, Calif.	Green, Pa.	Olsen
Annunzio	Halpern	O'Neill, Mass.
Barrett	Hansen, Wash.	Ottinger
Biaggi	Harrington	Patman
Bingham	Hathaway	Patten
Boggs	Helstoski	Perkins
Bolling	Hicks	Philbin
Brademas	Holifield	Pike
Brasco	Howard	Price, Ill.
Brooks	Hungate	Pucinski
Brown, Calif.	Ichord	Randall
Burke, Mass.	Jacobs	Rees
Burton, Calif.	Jones, Ala.	Reuss
Byrne, Pa.	Karth	Rodino
Chisholm	Kastenmeier	Roe
Clay	Kazen	Rooney, N.Y.
Collins	Kee	Roybal
Conyers	Koch	Ryan
Corman	Kyros	Scheuer
Culver	Lowenstein	Slack
Diggs	McCarthy	Staggers
Dingell	McFall	Stokes
Dulski	Macdonald, Mass.	Sullivan
Eckhardt	Madden	Symington
Edwards, Calif.	Matsunaga	Thompson, N.J.
Evans, Colo.	Meeds	Tunney
Feighan	Mikva	Ullman
Flood	Miller, Calif.	Van Deerlin
Ford, William D.	Minish	Vanik
Fraser	Mink	Wolff
Friedel	Moorhead	Wright
Fulton, Tenn.	Morgan	Yates
Gallagher	Moss	Yatron
Garmatz	Murphy, Ill.	Zablocki
	Natcher	

NOT VOTING—101

Adair	Erlenborn	Murphy, N.Y.
Alexander	Esch	Nelsen
Anderson, Tenn.	Fallon	Passman
Andrews, N. Dak.	Farbstein	Pepper
Ashley	Findley	Podell
Ayres	Flowers	Pollock
Bell, Calif.	Frey	Powell
Berry	Gaydos	Price, Tex.
Blatnik	Giaimo	Railsback
Bow	Gilbert	Riegle
Brock	Griffiths	Rivers
Broyhill, Va.	Grover	Robison
Bush	Gude	Rosenthal
Caffery	Hamilton	Rostenkowski
Camp	Hanley	St Germain
Carey	Hansen, Idaho	Saylor
Celler	Hastings	Scherle
Clancy	Hawkins	Sisk
Cohelan	Hays	Smith, Iowa
Corbett	Heckler, Mass.	Snyder
Coughlin	Jarman	Stratton
Cowger	Johnson, Calif.	Teague, Tex.
Cramer	Keith	Tiernan
Daddario	Kirwan	Udall
Daniels, N.J.	Kleppe	Waldie
Davis, Ga.	Kluczynski	Watkins
Dawson	Kuykendall	Watson
de la Garza	Latta	Weicker
Dent	Long, Md.	Wiggins
Donohue	Lujan	Wilson, Bob
Edwards, Ala.	MacGregor	Wilson, Charles H.
Edwards, La.	Mann	Young
Eilberg	Meskill	Zion
	Mollohan	
	Montgomery	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Mann for, with Mr. Eilberg against.

Mr. Bell of California for, with Mr. Hawkins against.

Mr. Coughlin for, with Mr. Daniels against.

Mr. Cowger for, with Mr. Blatnik against.

Mr. Saylor for, with Mr. Carey against.

Mr. Watkins for, with Mr. Murphy against.

Mr. Bob Wilson for, with Mr. Podell against.

Mr. Snyder for, with Mr. Celler against.

Mr. Corbett for, with Mr. Farbstein against.

Mr. Finley for, with Mr. Cohelan against.

Mr. Gude for, with Mr. Rostenkowski against.

Mr. Kuykendall for, with Mr. Rosenthal against.

Mrs. Heckler of Massachusetts for, with Mr. Gilbert against.

Mr. Erlenborn for, with Mr. Dawson against.

Mr. Bow for, with Mr. Dent against.

Mr. Weicker for, with Mr. Fallon against.

Mr. Hastings for, with Mr. Hanley against.

Mr. Price of Texas for, with Mr. Hamilton against.

Mr. Andrews of North Dakota for, with Mr. Kirwan against.

Until further notice:

Mr. Ashley with Mr. Adair.

Mr. Caffery with Mr. Camp.

Mr. Kluczynski with Mr. Ayres.

Mr. Alexander with Mr. Broyhill of Virginia.

Mr. Jarman with Mr. Clancy.

Mr. Flowers with Mr. Edwards of Alabama.

Mrs. Griffiths with Mr. Grover.

Mr. Pepper with Mr. Frey.

Mr. St Germain with Mr. Hansen of Idaho.

Mr. Donohue with Mr. Keith.

Mr. Giaimo with Mr. Latta.

Mr. Mollohan with Mr. Nelsen.

Mr. Rivers with Mr. Luzon.

Mr. Anderson of Tennessee with Mr. Railsback.

Mr. Teague of Texas with Mr. Robison.

Mr. Passman with Mr. Scherle.

Mr. Charles H. Wilson with Mr. Wiggins.

Mr. Stratton with Mr. Riegle.

Mr. Sisk with Mr. Zion.

Mr. Davis of Georgia with Mr. Watson.

Mr. Gaydos with Mr. Pollock.

Mr. Daddario with Mr. Meskill.

Mr. Tiernan with Mr. MacGregor.

Mr. Long of Maryland with Mr. Esch.

Mr. Udall with Mr. Bush.

Mr. Young with Mr. Brock.

Mr. Hays with Mr. Berry.

Mr. Edwards of Louisiana with Mr. Johnson of California.

Mr. Waldie with Mr. Powell.

Mr. Smith of Iowa with Mr. de la Garza.

Mr. Cramer with Mr. Kleppe.

Mr. ROONEY of Pennsylvania changed his vote from "nay" to "yea."

Mr. PHILBIN changed his vote from "yea" to "nay."

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.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 324, nays 2, answered "present" 1, not voting 102, as follows:

[Roll No. 191]

YEAS—324

Abbitt	Crane	Harvey
Abernethy	Culver	Hathaway
Adams	Cunningham	Hawkins
Addabbo	Daniel, Va.	Hébert
Albert	Davis, Wis.	Hechler, W. Va.
Anderson, Calif.	Delaney	Helstoski
Anderson, Ill.	Dellenback	Henderson
Andrews, Ala.	Denney	Hicks
Annunzio	Derwinski	Hogan
Arends	Devine	Holifield
Ashbrook	Dickinson	Horton
Ashley	Diggs	Hosmer
Aspinall	Dingell	Howard
Baring	Dorn	Hull
Barrett	Dowdy	Hungate
Beall, Md.	Downing	Hunt
Belcher	Dulski	Hutchinson
Bennett	Duncan	Ichord
Betts	Dwyer	Jacobs
Bevill	Eckhardt	Johnson, Pa.
Biaggi	Edmondson	Jonas
Biester	Edwards, Calif.	Jones, Ala.
Bingham	Eshleman	Jones, N.C.
Blackburn	Evans, Colo.	Jones, Tenn.
Blanton	Evins, Tenn.	Karth
Boggs	Fascell	Kastenmeier
Boland	Feighan	Kazen
Bolling	Fish	Kee
Brademas	Fisher	King
Brasco	Flood	Koch
Bray	Flynt	Kyl
Brinkley	Foley	Kyros
Brooks	Ford, Gerald R.	Landgrebe
Broomfield	Ford, William D.	Landrum
Brotzman	Foreman	Langen
Brown, Calif.	Fountain	Lennon
Brown, Mich.	Fraser	Lloyd
Brown, Ohio	Frelinghuysen	Long, La.
Broyhill, N.C.	Friedel	Lowenstein
Buchanan	Fulton, Pa.	Lukens
Burke, Fla.	Fulton, Tenn.	McCarthy
Burke, Mass.	Fuqua	McClory
Burleson, Tex.	Galifianakis	McCloskey
Burlison, Mo.	Gallagher	McClure
Burton, Calif.	Garmatz	McCulloch
Button	Gettys	McDade
Byrne, Pa.	Gibbons	McDonald, Mich.
Byrnes, Wis.	Goldwater	McEwen
Cabell	Gonzalez	McFall
Carter	Goodling	McKneally
Casey	Gray	McMillan
Cederberg	Green, Oreg.	Macdonald, Mass.
Chamberlain	Green, Pa.	Madden
Chappell	Griffin	Mahon
Chisholm	Gross	Mailliard
Clark	Gubser	Marsh
Clausen, Don H.	Gude	Mathias
Clawson, Del	Hagan	Matsunaga
Clay	Haley	May
Cleveland	Hall	Mayne
Collier	Halpern	Meeds
Collins	Hammer-schmidt	Melcher
Colmer	Hanna	Michel
Conable	Hansen, Wash.	Mikva
Conte	Harrington	Miller, Calif.
Conyers	Harsha	Miller, Ohio
Mills	Quie	Steed
Minish	Quillen	Steiger, Ariz.
Mink	Randall	Steiger, Wis.
Minshall	Rarick	Stephens
Mize	Rees	Stokes
Mizell	Reid, Ill.	Stubblefield
Monagan	Reid, N.Y.	Stuckey
Moorhead	Reifel	Symington
Morgan	Reuss	Taft
Morse	Rhodes	Talcott
Morton	Roberts	Teague, Calif.
Mosher	Rodino	Thompson, Ga.
Moss	Roe	Thompson, N.J.
Murphy, Ill.	Rogers, Colo.	Thomson, Wis.
Myers	Rogers, Fla.	Tunney
Natcher	Rooney, N.Y.	Ullman
Nedzi	Rooney, Pa.	Van Deerlin
Nichols	Roth	Vander Jagt
Nix	Roudebush	Vanik
Obey	Ruppe	Vigorito
O'Hara	Ruth	Waggonner
Olsen	Ryan	Wampler
O'Konski	St Germain	Watts
O'Neal, Ga.	Sandman	Whalen
O'Neill, Mass.	Satterfield	Whalley
Ottinger	Schadeberg	White
Patman	Scheuer	Whitehurst
Patten	Schneebeli	Whitten
Pelly	Schwengel	Widnall
Perkins	Scott	Williams
Pettis	Sebelius	Winn
Philbin	Shipley	Wold
Pickle	Shriver	Wolff
Pike	Sikes	Wyatt
Pirnie	Skubitz	Wydler
Poage	Slack	Wylie
Poff	Smith, Calif.	Wyman
Preyer, N.C.	Smith, N.Y.	Yates
Price, Ill.	Springer	Yatron
Pryor, Ark.	Stafford	Young
Pucinski	Staggers	Zablocki
Purcell	Stanton	Zwach

NAYS—2

Martin	Sullivan

ANSWERED "PRESENT"—1

Roybal

NOT VOTING—102

Adair	Edwards, La.	Montgomery
Alexander	Eilberg	Murphy, N.Y.
Anderson, Tenn.	Erlenborn	Nelsen
Andrews, N. Dak.	Esch	Passman
Ayres	Fallon	Pepper
Bell, Calif.	Farbstein	Podell
Berry	Findley	Pollock
Blatnik	Flowers	Powell
Bow	Frey	Price, Tex.
Brock	Gaydos	Railsback
Broyhill, Va.	Giaimo	Riegle
Burton, Utah	Gilbert	Rivers
Bush	Griffiths	Robison
Caffery	Grover	Rosenthal
Camp	Hamilton	Rostenkowski
Carey	Hanley	Saylor
Celler	Hansen, Idaho	Scherle
Clancy	Hastings	Sisk
Cohelan	Hays	Smith, Iowa
Corbett	Heckler, Mass.	Snyder
Corman	Jarman	Stratton
Coughlin	Johnson, Calif.	Taylor
Cowger	Keith	Teague, Tex.
Cramer	Kirwan	Tiernan
Daddario	Kleppe	Udall
Daniels, N.J.	Kluczynski	Waldie
Davis, Ga.	Kuykendall	Watkins
Dawson	Latta	Watson
de la Garza	Leggett	Weicker
Dennis	Long, Md.	Wiggins
Dent	Lujan	Wilson, Bob
Donohue	MacGregor	Wilson, Charles H.
Edwards, Ala.	Mann	Wright
	Meskill	Zion
	Mollohan	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Rostenkowski with Mr. Adair.

Mr. Jarman with Mr. Bow.

Mr. Hays with Mr. Ayres.

Mr. Edwards of Louisiana with Mr. Camp.

Mr. Dent with Mr. Corbett.

Mr. Murphy of New York with Mr. Grover.

Mr. Mann with Mr. Dennis.

Mr. Giaimo with Mr. Bob Wilson.

Mr. Donohue with Mr. Weicker.

Mr. Fallon with Mr. Saylor.

Mr. Hanley with Mr. Robison.

Mr. Flowers with Mr. Price of Texas.

Mr. Pepper with Mr. Latta.

Mr. Mollohan with Mr. Lujan.

Mr. Anderson of Tennessee with Mr. Kuykendall.
Mrs. Griffiths with Mrs. Heckler of Massachusetts.
Mr. Sisk with Mr. Hastings.
Mr. Rivers with Mr. Watkins.
Mr. Charles H. Wilson with Mr. Wiggins.
Mr. Wright with Mr. Cowger.
Mr. Tiernan with Mr. Coughlin.
Mr. Teague of Texas with Mr. Andrews of North Dakota.
Mr. Carey with Mr. Clancy.
Mr. Caffery with Mr. Esch.
Mr. Blatnik with Mr. Finley.
Mr. Alexander with Mr. Zion.
Mr. Cohelan with Mr. Riegle.
Mr. Daddario with Mr. Meskill.
Mr. Passman with Mr. Keith.
Mr. Montgomery with Mr. Broyhill of Virginia.
Mr. de la Garza with Mr. Edwards of Alabama.
Mr. Daniels of New Jersey with Mr. Erlenborn.
Mr. Long of Maryland with Mr. Hansen of Idaho.
Mr. Taylor with Mr. Snyder.
Mr. Stratton with Mr. Nelsen.
Mr. Waldie with Mr. Bell of California.
Mr. Corman with Mr. Frey.
Mr. Udall with Mr Watson
Mr. Johnson of California with Mr. Scherle.
Mr. Kluczynski with Mr. Railsback.
Mr. Hamilton with Mr. Pollock.
Mr. Gilbert with Mr. Kleppe.
Mr. Podell with Mr. MacGregor.
Mr. Eilberg with Mr. Burton of Utah.
Mr. Gaydos with Mr. Bush.
Mr. Farbstein with Mr. Berry.
Mr. Rosenthal with Mr. Brock.
Mr. Davis of Georgia with Mr. Cramer.
Mr. Dawson with Mr. Powell.
Mr. Celler with Mr. Kirwan.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. HOLIFIELD). Pursuant to the provisions of House Resolution 1094, the Committee on Banking and Currency is discharged from further consideration of the bill, S. 3685.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. PATMAN

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

The Clerk read as follows:

Mr. PATMAN moves to strike out all after the enacting clause of S. 3685 and insert in lieu thereof the provisions of H.R. 17495 as passed, as follows:

That this Act may be cited as the "Emergency Home Finance Act of 1970".

TITLE I—REDUCTION OF INTEREST CHARGES FOR MEMBERS OF THE FEDERAL HOME LOAN BANK SYSTEM

SEC. 101. (a) There is authorized to be appropriated not to exceed $250,000,000, without fiscal year limitation, to be used by the Federal Home Loan Bank Board for disbursement to Federal home loan banks for the purpose of adjusting the effective interest charged by such banks on short-term and long-term borrowing to promote an orderly flow of funds into residential construction. The disbursement of sums appropriated hereunder shall be made under such terms and conditions as may be prescribed by the Board to assure that such sums are used to assist in the provision of housing for low- and middle-income families, and that such families share fully in the benefits resulting from the disbursement of such sums. No member of a Federal home loan bank shall use funds the interest charges on which have been adjusted pursuant to the provisions of this section to make any loan, if—

(1) the effective rate of interest on such loan exceeds the effective rate of interest on such funds payable by such member by a percentile amount which is in excess of such amount as the Board determines to be appropriate in furtherance of the purposes of this section; or

(2) the principal obligation of any such loan which is secured by a mortgage on a residential structure exceeds the dollar limitations on the maximum mortgage amount, in effect on the date the mortgage was originated, which would be applicable if the mortgage was insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act.

(b) Not more than 20 per centum of the sums appropriated pursuant to subsection (a) shall be disbursed in any one Federal home loan bank district.

TITLE II—AUTHORITY FOR THE FEDERAL NATIONAL MORTGAGE ASSOCIATION TO PROVIDE A SECONDARY MARKET FOR CONVENTIONAL MORTGAGES

SEC. 201. (a) Section 302(b) of the National Housing Act is amended—

(1) by inserting "(1)" immediately following "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) For the purposes set forth in section 301(a), and with the approval of the Secretary of Housing and Urban Development, the corporation is authorized, pursuant to commitments or otherwise, to purchase, service, sell, lend on the security of, or otherwise deal in mortgages which are not insured or guaranteed as provided in paragraph (1) (such mortgages referred to hereinafter as 'conventional mortgages'). No such purchase of a conventional mortgage shall be made if the outstanding principal balance of the mortgage at the time of purchase exceeds 75 per centum of the value of the property securing the mortgage, unless (A) the seller retains a participation of not less than 10 per centum in the mortgage; (B) for such period and under such circumstances as the corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the corporation in the event that the mortgage is in default; or (C) that portion of the unpaid principal balance of the mortgage which is in excess of such 75 per centum is guaranteed or insured by a qualified private insurer as determined by the corporation. The corporation shall not issue a commitment to purchase a conventional mortgage prior to the date the mortgage is originated, if such mortgage is eligible for purchase under the preceding sentence only by reason of compliance with the requirements of clause (A) of such sentence. The corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is currently engaged in mortgage lending or investing activities and if, as a result thereof, the cumulative aggregate of the principal balances of all conventional mortgages purchased by the corporation which were originated more than one year prior to the date of purchase does not exceed 10 per centum of the cumulative aggregate of the principal balances of all conventional mortgages purchased by the corporation. The corporation shall establish limitations governing the maximum principal obligation of conventional mortgages purchased by it which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act.

"(3) The corporation may not make any public offering of securities to finance its secondary market operations in conventional mortgages at any time that the Secretary of Housing and Urban Development determines that such an offering would unduly inhibit the financing by the Government National Mortgage Association of low and moderate income housing in implementation of its special assistance functions."

(b) Section 5202 of the Revised Statutes (12 U.S.C. 82) is amended by adding at the end thereof the following:

"Eleventh. Liabilities incurred in connection with sales of mortgages, or participations therein, to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.".

TITLE III—FEDERAL HOME LOAN MORTGAGE CORPORATION

SHORT TITLE

SEC. 301. This title may be cited as the "Federal Home Loan Mortgage Corporation Act".

DEFINITIONS

SEC. 302. As used in this title—

(a) The term "Board of Directors" means the Board of Directors of the Corporation.

(b) The term "Corporation" means the Federal Home Loan Mortgage Corporation created by this title.

(c) The term "law" includes any law of the United States or of any State (including any rule of law or of equity).

(d) The term "mortgage" includes such classes of liens as are commonly given or are legally effective to secure advances on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby, and includes interests in mortgages.

(e) The term "organization" means any corporation, partnership, association, business trust, or business entity.

(f) The term "prescribe" means to prescribe by regulations or otherwise.

(g) The term "property" includes any property, whether real, personal, mixed, or otherwise, including without limitation on the generality of the foregoing choses in action and mortgages, and includes any interest in any of the foregoing.

(h) The term "residential mortgage" means a mortgage which (1) is a mortgage on real estate, in fee simple or under a leasehold having such term as may be prescribed by the Corporation, upon which there is located a structure or structures designed in whole or in part for residential use, or which comprises or includes one or more condominium units or dwelling units (as defined by the Corporation) and (2) has such characteristics and meets such requirements as to amount, term, repayment provisions, number of families, status as a first lien on such real estate, and otherwise, as may be prescribed by the Corporation.

(i) The term "conventional mortgage" means a mortgage other than a mortgage as to which the Corporation has the benefit of any guaranty, insurance or other obligation by the United States or a State or an agency or instrumentality of either.

(j) The term "security" has the meaning ascribed to it by section 2 of the Securities Act of 1933.

(k) The term "State", whether used as a noun or otherwise, includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

ESTABLISHMENT OF THE CORPORATION

SEC. 303. (a) There is created the Federal Home Loan Mortgage Corporation, which shall be a body corporate and shall be under the direction of a Board of Directors composed of the members of the Federal Home Loan Bank Board, who shall serve as such without additional compensation. The Chairman of the Federal Home Loan Bank Board shall be the Chairman of the Board of Direc-

tors. The principal office of the Corporation shall be in the District of Columbia or at such other place as the Corporation may from time to time prescribe. The Corporation shall be a member of each Federal home loan bank and, except as otherwise provided by the Federal Home Loan Bank Board, shall have all the benefits, powers, and privileges, and in the exercise thereof shall be subject to all liabilities, conditions, and limitations (except those relating to Federal home loan bank stock and subscriptions thereto and those under provisions of the Federal Home Loan Bank Act preceding section 9) which are provided by the terms of such Act or other Federal statute for members of any such bank.

(b) The Corporation shall have power (1) to adopt, alter, and use a corporate seal; (2) to have succession until dissolved by Act of Congress; (3) to make and enforce such bylaws, rules, and regulations as may be necessary or appropriate to carry out the purposes or provisions of this title; (4) to make and perform contracts, agreements, and commitments; (5) to prescribe and impose fees and charges for services by the Corporation; (6) to settle, adjust, and compromise, and with or without consideration or benefit to the Corporation to release or waive in whole or in part, in advance or otherwise, any claim, demand, or right of, by, or against the Corporation; (7) to sue and be sued, complain and defend, in any State, Federal, or other court; (8) to acquire, take, hold, and own, and to deal with and dispose of any property; and (9) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation and benefits of officers, employees, attorneys, and agents, all without regard to any other law except as may be provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of this sentence. Nothing in this title or any other law shall be construed to prevent the appointment, employment, and provision for compensation and benefits, as an officer, employee, attorney, or agent of the Corporation, of any officer, employee, attorney, or agent of any department, establishment, or corporate or other instrumentality of the Government, including any Federal home loan bank or member thereof. The Corporation, with the consent of any such department, establishment, or instrumentality, including any field services thereof, may utilize and act through any such department, establishment, or instrumentality and may avail itself of the use of information, services, facilities, and personnel thereof, and may pay compensation therefor, and all of the foregoing are hereby authorized to provide the same to the Corporation as it may request.

(c) Funds of the Corporation may be invested in such investments as the Board of Directors may prescribe. Any Federal Reserve bank or Federal home loan bank, or any bank as to which at the time of its designation by the Corporation there is outstanding a designation by the Secretary of the Treasury as a general or other depositary of public money, may be designated by the Corporation as a depositary or custodian or as a fiscal or other agent of the Corporation, and is hereby authorized to act as such depositary, custodian, or agent. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depositary of public money under such regulations as may be prescribed by the Secretary of the Treasury, and may also be employed as fiscal or other agent of the United States, and it shall perform all such reasonable duties as such depositary or agent as may be required of it.

(d) The Corporation, including its franchise, activities, capital, reserves, surplus, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed. The provisions of this subsection shall be applicable without regard to any other law, including without limitation on the generality of the foregoing section 3301 of the Internal Revenue Code of 1954, except laws hereafter enacted by Congress expressly in limitation of this subsection.

(e) All notes, bonds, debentures or other obligations of the Corporation, or other securities (including stock) of the Corporation, and the interest, dividends, or other income therefrom, shall be exempt from all taxation (except estate, inheritance, and gift taxes) now or hereafter imposed by any territory, dependency, or possession of the United States, or by the Commonwealth of Puerto Rico, the District of Columbia, or any States, county, municipality, or local taxing authority. The foregoing exemption from taxation shall include exemption from taxation measured by such obligations or securities or by such interest, dividends, or other income, and from inclusion of such obligations or securities, or such taxation.

(f) Notwithstanding section 1349 of title 28 of the United States Code or any other provision of law, (1) the Corporation shall be deemed to be an agency included in sections 1345 and 1442 of such title 28; (2) all civil actions to which the Corporation is a party shall be deemed to arise under the laws of the United States, and the district courts of the United States shall have original jurisdiction of all such actions, without regard to amount or value; and (3) any civil or other action, case, or controversy in a court of a State, or in any court other than a district court of the United States, to which the Corporation is a party may at any time before the trial thereof be removed by the Corporation without the giving of any bond or security, to the district court of the United States for the district and division embracing the place where the same is pending, or, if there is no such district court, to the district court of the United States for the district in which the principal office of the Corporation is located, by following any procedure for removal of causes in effect at the time of such removal. No attachment or execution shall be issued against the Corporation or any of its property before final judgment in any State, Federal, or other court.

CAPITAL STOCK

SEC. 304. (a) The capital stock of the Corporation shall consist of nonvoting common stock which shall be issued only to Federal home loan banks and shall have such par value and such other characteristics as the Corporation prescribes. Stock of the Corporation shall be evidenced in such manner and shall be transferable only to such extent, to such transferees, and in such manner, as the Corporation prescribes.

(b) The Federal home loan banks shall from time to time subscribe, at such price not less than par as the Corporation shall from time to time fix, for such amounts of common stock as the Corporation prescribes, and such banks shall pay therefor at such time or times and in such amount or amounts as may from time to time be fixed by call of the Corporation. The amount of the payments for which such banks may be obligated under such subscriptions shall not exceed a cumulative total of $100,000,000.

(c) Subscriptions of the respective Federal home loan banks to such stock shall be allocated by the Corporation.

(d) The Corporation may retire at any time all or any part of the stock of the Corporation, or may call for retirement all or any part of the stock of the Corporation by (1) publishing a notice of the call in the Federal Register or providing such notice in such other manner as the Corporation may determine to be appropriate, and (2) depositing with the Treasury of the United States, for the purpose of such retirement, funds sufficient to effect such retirement. No call for the retirement of any stock shall be made, and no stock shall be retired without call, if immediately after such action, the total of the stock not called for retirement and of the reserves and surplus of the Corporation would be less than $100,000,000. The retirement of stock shall be at the par value thereof, or at the price at which such stock was issued if such price is greater than par value. No declaration of any dividend on stock of the Corporation shall be effective with respect to stock which at the time of such declaration is the subject of an outstanding retirement call the effective date of which has arrived.

MORTGAGE OPERATIONS

SEC. 305. (a)(1) The Corporation is authorized to purchase, and make commitments to purchase, residential mortgages from any Federal home loan bank, the Federal Savings and Loan Insurance Corporation, any member of a Federal home loan bank, or any other financial institution the deposits or accounts of which are insured by an agency of the United States, and to hold and deal with, and sell or otherwise dispose of, pursuant to commitments or otherwise, any such mortgage or interest therein. The operations of the Corporation under this section shall be confined so far as practicable to residential mortgages which are deemed by the corporation to be of such quality, type, and class as to meet generally the purchase standards imposed by private institutional mortgage investors.

(2) No conventional mortgage shall be purchased under this section if the outstanding principal balance of the mortgage at the time of purchase exceeds 75 per centum of the value of the property securing the mortgage, unless (A) the seller retains a participation of not less than 10 per centum in the mortgage; (B) for such period and under such circumstances as the Corporation may require, the seller agrees to repurchase or replace the mortgage upon demand of the Corporation in the event that the mortgage is in default; or (C) that portion of the unpaid principal balance of the mortgage which is in excess of such 75 per centum is guaranteed or insured by a qualified private insurer as determined by the Corporation. The Corporation shall not issue a commitment to purchase a conventional mortgage prior to the date the mortgage is originated, if such mortgage is eligible for purchase under the preceding sentence only by reason of compliance with the requirements of clause (A) of such sentence. The Corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is currently engaged in mortgage lending or investing activities and if, as a result thereof, the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation which were originated more than one year prior to the date of purchase does not exceed 10 per centum of the cumulative aggregate of the principal balances of all conventional mortgages purchased by the Corporation. The Corporation shall establish limitations governing the maximum principal obligation of conventional mortgages purchased by it which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act.

(3) The sale or other disposition by the Corporation of a mortgage under this section may be with or without recourse, and shall

be upon such terms and conditions relating to resale, repurchase, guaranty, substitution, replacement, or otherwise as the Corporation may prescribe.

(b) Notwithstanding any other law, authority to enter into and to perform and carry out any transaction or matter referred to in this section is conferred on any Federal home loan bank, the Federal Savings and Loan Insurance Corporation, any Federal savings and loan association, any Federal home loan bank member, and any other financial institution the deposits or accounts of which are insured by an agency of the United States to the extent that Congress has the power to confer such authority.

OBLIGATIONS AND SECURITIES

SEC. 306. (a) The Corporation is authorized, upon such terms and conditions as it may prescribe, to borrow, to give security, to pay interest or other return, and to issue notes, debentures, bonds, or other obligations, or other securities, including without limitation mortgaged-backed securities guaranteed by the Government National Mortgage Association in the manner provided in section 306 (g) of the National Housing Act. Any obligation or security of the Corporation shall be valid and binding notwithstanding that a persons or persons purporting to have executed or attested the same may have died, become under disability, or ceased to hold office or employment before the issuance thereof.

(b) The Corporation may, by regulation or by writing executed by the Corporation, establish prohibitions or restrictions upon the creation of indebtedness or obligations of the Corporation or of liens or charges upon property of the Corporation, including after-acquired property, and create liens and charges, which may be floating liens or charges, upon all or any part or parts of the property of the Corporation, including after-acquired property. Such prohibitions, restrictions, liens, and charges shall have such effect, including without limitation on the generality of the foregoing such rank and priority, as may be provided by regulations of the Corporation or by writings executed by the Corporation, and shall create causes of action which may be enforced by action in the United States District Court for the District of Columbia or in the United States district court for any judicial district in which any of the property affected is located. Process in any such action may run to and be served in any judicial district or any place subject to the jurisdiction of the United States.

(c) The Federal home loan banks shall, to such extent as the Board of Directors may prescribe, guarantee the faithful and timely performance by the Corporation of any obligation or undertaking of the Corporation on or with respect to any security (which term as used in this sentence shall not include the capital stock referred to in section 304 of this title).

(d) The provisions of this section and of any restriction, prohibition, lien, or charge referred to in subsection (b) shall be fully effective notwithstanding any other law, including without limitation on the generality of the foregoing any law of or relating to sovereign immunity or priority.

(e) The Corporation may not make any public offering of securities to finance its secondary market operations in conventional mortgages at any time that the Secretary of Housing and Urban Development determines that such an offering would unduly inhibit the financing by the Government National Mortgage Association of low- and moderate-income housing in implementation of its special assistance functions.

MISCELLANEOUS PROVISIONS

SEC. 307. (a) All rights and remedies of the Corporation, including without limitation on the generality of the foregoing any rights and remedies of the Corporation on, under, or with respect to any mortgage or any obligation secured thereby, shall be immune from impairment, limitation, or restriction by or under (1) any law (except laws enacted by the Congress expressly in limitation of this sentence) which becomes effective after the acquisition by the Corporation of the subject or property on, under, or with respect to which such right or remedy arises or exists or would so arise or exist in the absence of such law, or (2) any administrative or other action which becomes effective after such acquisition. The Corporation shall be entitled to all immunities and priorities, including without limitation on the generality of the foregoing all immunities and priorities under any such law or action, to which it would be entitled if it were the United States or if it were an unincorporated agency of the United States.

(b) The first two sentences of paragraph (6) of subsection (c) of section 18 of the Federal Home Loan Bank Act are amended to read as follows: "Notwithstanding any other provision of law, the financial transactions of said corporation shall be audited by the General Accounting Office in accordance with title II of the Government Corporation Control Act, and banking and checking accounts of said Corporation and said board shall be maintained in accordance with section 302 of that Act. Except as now or hereafter provided by this section, no provision of law other than this act or title IV of the National Housing Act shall be applicable to obligations, expenditures, lending, or payments of said board or corporation, or, to such extent as said board may provide, to personnel or positions thereof, but the activities of the Board and of the Corporation shall be the subject of an annual review by Congress."

(c) The financial transactions of the Corporation shall be subject to audit by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the respective corporation and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. A report on each such audit shall be made by the Comptroller General to the Congress. The Corporation shall reimburse the General Accounting Office for the full cost of any such audit as billed therefor by the Comptroller General.

PENAL PROVISIONS

SEC. 308. (a) Except as expressly authorized by statute of the United States, no individual or organization (except the Corporation) shall use the term "Federal Home Loan Mortgage Corporation", or any combination of words including the words "Federal", and "Home Loan", and "Mortgage", as a name or part thereof under which any individual or organization does any business, but this sentence shall not make unlawful the use of any name under which business is being done on the date of the enactment of this Act. No individual or organization shall use or display (1) any sign, device, or insigne prescribed or approved by the Corporation for use or display by the Corporation or by members of the Federal home loan banks, (2) any copy, reproduction, or colorable imitation of any such sign, device, or insigne, or (3) any sign, device, or insigne reasonably calculated to convey the impression that it is a sign, device, or insigne used by the Corporation or prescribed or approved by the Corporation, contrary to regulations of the Corporation prohibiting, or limiting or restricting, such use or display by such individual or organization. An organization violating this subsection shall for each violation be punished by a fine of not more than $10,000. An officer or member of an organization participating or knowingly acquiescing in any violation of this subsection shall be punished by a fine of not more than $5,000 or imprisonment for not more than one year, or both. An individual violating this subsection shall for each violation be punished as set forth in the sentence next preceding this sentence.

(b) The provisions of sections 215, 607, 658, 1011, and 1014 of title 18 of the United States Code are extended to apply to and with respect to the Corporation, and for the purposes of such section 658 the term "any property mortgage or pledged", as used therein, shall without limitation on its generality include any property subject to mortgage, pledge, or lien acquired by the Corporation by assignment or otherwise.

(c) The term "bank examiner or assistant examiner", as used in section 655 of such title 18, shall include any examiner or assistant examiner who is an officer of employee of the Corporation and any person who makes or participates in the making of any examination of or for the Corporation.

(d) The term "bank", as used in subsection (f) of section 2113 of such title 18, shall be deemed to include the Corporation, and any building used in whole or in part by the Corporation shall be deemed to be used in whole or in part as a bank, within the meaning of such section 2113.

(e) The terms "agency" and "agencies" shall be deemed to include the Corporation wherever used with reference to an agency or agencies of the United States in sections 201, 202, 203, 205, 207, 208, 209, 286, 287, 371, 506, 595, 602, 641, 654, 701, 872, 1001, 1002, 1016, 1017, 1361, 1505, and 2073 of such title 18. Any officer or employee of the Corporation shall be deemed to be a person mentioned in section 602 of such title 18 within the meaning of sections 603 and 606 of such title.

(f) The terms "obligation or other security" and "obligations or other securities", wherever used (with or without the words "of the United States") in sections 471 to 476, both inclusive, and section 492 of such title 18, are extended to include any obligation or other security of or issued by the Corporation. Any reference in sections 474, 494, 495, and 642 of such title 18 to the United States, except in a territorial sense, or to the Secretary of the Treasury is hereby extended to include the Corporation. Section 477 of such title 18 is extended to apply with respect to section 476 of such title as extended by the first sentence of this subsection (f), and for this purpose the term "United States" as used in such section 476 shall include the Corporation.

TERRITORIAL APPLICABILITY

SEC. 309. Notwithstanding any other law, this title shall be applicable to the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

CONSTRUCTION AND SEPARABILITY

SEC. 310. Except as otherwise provided in this title, or as otherwise provided by the Corporation or by laws hereafter enacted by the Congress expressly in limitation of provisions of this title, the powers and functions of the Corporation and of the Board of Directors shall be exercisable, and the provisions of this title shall be applicable and effective, without regard to any other law. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this title, or the application thereof to any person or circumstances, is held invalid, the remainder of this title, or

the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

TITLE IV—GOVERNMENT NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FUNDS

SEC. 401 (a) Section 305(e) of the National Housing Act is amended by striking out "by $500,000,000 on July 1, 1969" and inserting in lieu thereof "by $2,000,000,000 on July 1, 1969".

(b) Section 305(g) of such Act is amended by striking out everything in the first sentence after "exceed" and inserting in lieu thereof "the dollar limitation on maximum principal obligation that would be applicable to such mortgage if insured under section 235(i) of this Act."

TITLE VI—FLEXIBLE INTEREST RATE AUTHORITY

SEC. 601. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, is amended by striking out "October 1, 1970" and inserting in lieu thereof "October 1, 1971".

TITLE VII—INVESTMENT OF COMMERCIAL BANK RESERVES

§ 701. Amendment of section 19(g), Federal Reserve Act

Section 19(g) of the Federal Reserve Act (12 U.S.C. 465) is amended by inserting "(1)" immediately after "(g)" and by adding at the end thereof the following new paragraph:

"(2) In the determination of the amount of any reserve balance required under this section for any type or types of deposits specified by the Board for the purposes of this paragraph, there may be deducted, in whole or in such part as the Board may prescribe, any investments in obligations specified by the Board issued by Federal agencies for the purpose of directly or indirectly financing the construction or acquisition of residential real property."

TITLE VIII—MISCELLANEOUS

§ 801. Settlement costs in the financing of Federal Housing Administration and Veterans' Administration assisted housing

(a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37, title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans.

(b) The Secretary and the Administrator shall undertake a joint study and make recommendations to the Congress not later than one year after the date of enactment of this Act with respect to legislative and administrative actions which should be taken to reduce mortgage settlement costs and to standardize these costs for all geographic areas.

§ 802. Emergency relief from interest rate conflict between Federal law and State law

Notwithstanding any other law, from the date of enactment of this title until July 1, 1972, loans to local public agencies under title I of the Housing Act of 1949 and to local public housing agencies under the United States Housing Act of 1937 may, when determined by the Secretary of Housing and Urban Development to be necessary because of interest rate limitations of State laws, bear interest at a rate less than the applicable going Federal rate but not less than 6 per centum per annum.

§ 803. Treasury borrowing authority for new communities program

Section 407(a) of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following: "The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out his functions with respect to the guarantees authorized by this title. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Secretary issued under this subsection, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under such Act are extended to include purchases of the Secretary's obligations hereunder."

§ 804. Security authorized for public funds deposits

Section 5(b)(2) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)(2)) is amended by inserting before the period at the end thereof the following: ", and may give security for public funds (as defined by the Board) deposited in savings accounts (including certificates of deposit)".

§ 805. Savings and loan holding company assistance for low and middle income housing

Section 408(d)(4) of the National Housing Act (12 U.S.C. 1730a(d)(4)) is amended by striking the semicolon in the last sentence and inserting in lieu thereof ", however, upon prior written approval of the Corporation the foregoing prohibitions may be waived to the extent such transactions make sums available to be used to assist in the provision of housing for low and middle income families;".

§ 806. Extension of time for continuance of certain activities

Section 408(c)(2) of the National Housing Act (12 U.S.C. 1730a(c)(2)) is amended by striking "two" and inserting in lieu thereof "five".

§ 807. Statewide lending for Federal savings and loan associations

Section 5(c) of the Home Owners' Loan Act of 1933 is amended (1) by adding after "their home office" in the first sentence the following: "or within the State in which such home office is located"; and (2) by substituting the word "section" for the word "proviso" used in the last clause of the second proviso.

§ 808. Federal Savings and Loan Insurance Corporation reserve

Section 403(b) of the National Housing Act is amended by changing "twenty" in the third sentence to read "thirty".

§ 809. Savings and loan associations as pension trustees

Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by inserting before the next to the last paragraph a new paragraph as follows:

"Any such association is authorized to act as trustee of any trust created or organized in the United States and forming part of a stock bonus, pension, or profit-sharing plan which qualifies or qualified for specific tax treatment under section 401(d) of the Internal Revenue Code of 1954, if the funds of such trust are invested only in savings accounts or deposits in such association or in obligations or securities issued by such association. All funds held in such fiduciary capacity by any such association may be commingled for appropriate purposes of investment, but individual records shall be kept by the fiduciary for each participant and shall show in proper detail all transactions engaged in under the authority of this paragraph."

SEC. 810. Section 401(f)(2) of the Housing Act of 1950 is amended by striking out all that follows "increased by" and inserting in lieu thereof "$6,300,000 on July 1, 1970."

"STATE REGULATION

SEC. 811. Nothing contained in this title shall preclude a State or other local jurisdiction from imposing, in accordance with the laws of such State or other local jurisdiction, any valid nondiscriminatory tax, obligation, or regulation on the partnership as a taxable and or legal entity, but no limited partner of the partnership not otherwise subject to taxation or regulation by or judicial process of a State or other local jurisdiction shall be subject to taxation or regulation by or subject to or denied access to judicial process of such State or other local jurisdiction, or be so subject or denied access to any greater extent, because of activities of the corporation or partnership within such State or other local jurisdiction."

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

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 17495) was laid on the table.

APPOINTMENT OF CONFEREES ON S. 3685, EMERGENCY HOME FINANCE ACT OF 1970

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the bill (S. 3685) to increase the availability of mortgage credit for the financing of urgently needed housing, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Mr. PATMAN, Mr. BARRETT, Mrs. SULLIVAN, Mr. REUSS, Mr. WIDNALL, Mrs. DWYER, and Mr. JOHNSON of Pennsylvania.

HOW CAN YOU VOTE NO ON A HOUSING BILL?

Mrs. SULLIVAN. Mr. Speaker, I worked hard on the so-called emergency home finance bill just passed by the House. That measure has taken the full time and attention of all of us on the Housing Subcommittee, and of all of the senior members of the full Committee on Banking and Currency, for a long time. And we have now ended up—after 6 months of intensive effort—with a bill which

subsidizes the savings and loans, but does virtually nothing for the average American family. This has been a tragic waste of everyone's time, for the bill is now an empty shell.

As I said in the debate, President Nixon can claim any credit he wants to for the one administration proposal in the bill—title I to subsidize the lenders by $250 million so that they will continue to lend money at current rates of interest. There is no provision in the legislation indicating any concern over who gets the mortgages which this title would finance. They can be rich people, or subsidized very poor people, but the fellow in the middle will get no help. He can not afford a mortgage at today's interest rates. And he would not be any better off under this bill than he is now.

Reluctantly, therefore—for I hate to devote 6 solid months of hard work to a bill which is so weak that it does no good—I had to vote no.

This bill will be hailed as a great victory for the administration's housing program, but what it adds up to, as a result of the votes in the House today on specific provisions, is a big round zero—costing the taxpayers $250 million to subsidize lenders to lend to the rich.

"How can you vote no on a housing bill?" On this one, as it was mangled in the House, it was not hard to vote no.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed and to include relevant extraneous matter.

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

There was no objection.

LEGISLATIVE PROGRAM

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

Mr. GERALD R. FORD. Mr. Speaker, I have requested this time for the purpose of asking the distinguished majority leader the program for next week.

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

Mr. GERALD R. FORD. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, in response to the distinguished minority leader's inquiry, we will ask to go over upon the announcement of next week's program, which is as follows:

We are listing these bills for Monday and the balance of the week, which means Monday, Tuesday and Wednesday.

H.R. 17825, Omnibus Crime Control and Safe Streets Act Amendments of 1970, under an open rule with 3 hours of debate.

H.R. 16065, to amend the National Foundation on the Arts and the Humanities Act of 1965, under an open rule with 1 hour of debate.

S.J. Resolution 88, to create a Commission to Study Bankruptcy Laws, under an open rule with 1 hour of debate.

The Independence Day recess, as previously announced, will be from the close of business on Wednesday, July 1 until Monday noon, July 6.

This announcement is made subject to the usual reservation that conference reports may be brought up at any time and that any further program may be announced later.

There may also be some unanimous-consent bills but I am not sure at this time.

Mr. GERALD R. FORD. I thank the distinguished majority leader.

ADJOURNMENT TO MONDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore (Mr. HOLIFIELD). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

DISPENSING WITH BUSINESS IN ORDER UNDER THE CALENDAR WEDNESDAY RULE ON WEDNESDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that any business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

AUTHORITY FOR CLERK TO RECEIVE MESSAGES AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS DULY PASSED BY THE TWO HOUSES AND FOUND TRULY ENROLLED

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Monday the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

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

There was no objection.

PERSONAL EXPLANATION

Mr. PATTEN. Mr. Speaker, on rollcall 189, I was present all the time but did not answer to my name. Had I voted, I would have voted "aye."

PERSONAL EXPLANATION

Mr. GUDE. Mr. Speaker, during rollcall No. 190 this afternoon I was unavoidably detained on business with constituents outside the Chamber. Had I been present I would have voted "yea."

EQUAL TV TIME GIVEN TO DEMOCRATS TO REBUT PRESIDENT'S SPEECH

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

Mr. THOMPSON of Georgia. Mr. Speaker, this Congressman was interested in the decision of the three major TV networks to grant equal time to the Democratic Party to rebut the speeches of the President.

Clearly, this has never before been done. A similar courtesy was not shown the Republicans when the Democrats were in office. However, Mr. Speaker, if it is determined that this is fair, then I think we should be completely fair and forthright in time allotted the various parties.

Mr. Speaker, when the President speaks he is simultaneously covered by all the networks. The news programs that day give excerpts of this simultaneous coverage. The President, in effect, has one exposure though it is covered by all the networks.

Under the procedure which the networks are making available time to the Democrats, they will have a great deal more news exposure for the simple reason that the time is not granted simultaneously. Senator MANSFIELD has just yesterday spoken out on one of the networks. The radio and television stations last night carried excerpts of what he stated as news coverage. Now we must look forward to the same thing occurring a second and a third time as the other networks grant time for rebuttal.

It is obvious, Mr. Speaker, that this gives a much greater exposure, because of the three separate time intervals, than did the President's original simultaneous coverage.

It is for this reason, Mr. Speaker, that I have today requested the Chairman of the FCC to look into this matter and determine whether the spirit of the fairness doctrine is being violated by the networks through their failure to grant simultaneous rebuttal time.

Additionally, Mr. Speaker, I have also requested today of the FCC an opinion as to whether or not the fairness doctrine may also be applied to equal time for both antiadministration Democrats and proadministration Republicans in news programs. To even the most casual observer, it is very evident that antiadministration Democratic Members of the other body such as Senators FULBRIGHT, MCGOVERN, et cetera, receive a disproportionate amount of national newscasting time as related to proadministration Republicans.

If the networks are going to interpret the fairness doctrine to require their granting equal time to antiadministration Democrats to rebut the President of the United States, then I feel it is only fair and equitable that the fairness doctrine also be interpreted to require the networks to affirmatively seek out proadministration Republicans and allot them equal time to that given the critics in the news programs.

ABSURDITY OF DISTRICT OF COLUMBIA COUNCIL ACTION ON MARIHUANA PENALTIES

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

Mr. HUNT. Mr. Speaker, early this year it will be recalled that the District of Columbia City Council Chairman Gilbert Hahn, Jr., and Councilman Henry Robinson proposed easing the marihuana laws to the point of being a practical nullity. At that time I said:

> Certainly, if the enlightened thought is that the drug abuse problem will be resolved through educaton, no amount of effort will counter what the law tends to condone.

Earlier this week the District of Columbia Council gave preliminary approval to a proposed regulation that would make the "use" or "being under the influence" of marihuana a misdemeanor with a punishment, upon conviction, of no more than $300 fine and/or 10 days in jail. In addition, no police records would be kept on anyone convicted under the regulation, regardless of age or the number of convictions.

While crime in the District and elsewhere continues to be a problem of major proportions, one may well wonder why the city council finds it necessary to preoccupy itself with seeking new ways to circumvent existing drug laws by going off on a questionable tangent. Already applicable to the District of Columbia is the Marihuana Tax Act of 1937 which proscribes the sale of marihuana except as provided by the act. In addition, the already very lenient District of Columbia Uniform Narcotics Act penalizes the possession of marihuana by a fine of not less than $100 nor more than $1,000 and/or not more than 1 year in jail for the first offense. The U.S. attorney's office now has the option to recommend prosecution under either act, and its option would extend to the new regulation if finally adopted by the council.

Council Chairman Hahn suggests that the proposed regulation is an exercise of the council's police powers in an area that is not preempted by Congress. Such a position is very tenuous at best. More importantly, however, is the fact that the two new violations defined by the council's regulation are not as susceptible of readily obtainable proofs as are existing violations. The underlying purpose of the council's action, therefore, emerges as a thinly disguised attempt to provide for an alternative prosecution for which the proofs would be sufficiently difficult that a recommendation by the U.S. attorney's office to turn a case over to the District of Columbia Corporation Counsel for prosecution under the proposed regulation would have the practical effect of letting the accused off with hardly a scratch. It would certainly seem to me that the council majority should be somewhat more than casually concerned that the Acting Corporation Counsel has termed the proposed regulation "highly objectionable" as written.

I commend Councilmen Phillip J. Daugherty and the Reverend Carlton W. Veazey for their commonsense objections to the regulation and hope they can impart enough of this sense to the other council members before the final vote on the regulation is taken next week.

For the sake of comparison it may be of interest to note the comparable State laws in nearby Maryland and Virginia for possession of marihuana. Neither State has penalties for violations described by the proposed District of Columbia Council regulation as "use" or "being under the influence of" marihuana. For a first offense in Maryland, the new law enacted this year provides for penalties upon conviction of not more than $15,000 fine and/or not more than 5 years' imprisonment. Virginia's law specifies first offense penalties for possession of marihuana of up to $1,000 fine and/or 3 to 5 years' imprisonment. In both States, the violation is declared to be a felony. It would seem that the District of Columbia Council is asking for trouble by attempting to downgrade marihuana penalties relative to those in surrounding States.

THE GAO MEAT INSPECTION REVELATIONS

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

Mr. MELCHER. Mr. Speaker, I have been deeply disappointed as a result of newspaper accounts of General Accounting Office finding during its investigation of contamination of meat products at 40 Midwest and Southwest packing plants.

I have not had an opportunity to study the report, but I have been looking into the meat inspection situation here in the United States, as well as inspection of imported meat, because I believe that it is crucial, both to consumers and to the welfare of our whole meat industry, from farmers and ranchers to retail stores. Unless the American housewife has complete confidence in the meat products offered for sale, the industry is going to suffer, and our diets will suffer.

One thing I know: if meat inspection is weak, we have some responsibility for it right here in Congress. Adequate inspection requires adequate appropriations for inspectors. I am very fearful that with our topsy-turvy sense of values and priorities in the current war period, the administration has failed to ask, and we have failed to appropriate, the funds necessary to build up our inspection staffs to a level adequate to make fully effective the Wholesome Meat Act.

We do not have enough inspectors either on imported meat inspection, to which I have referred before, nor do we have enough to handle the current amount of domestic work to be done, without the increasing responsibilities given the service by the Wholesome Meat Act.

Inspection service, because it is a matter of protection of consumers, is supposed to be provided by the Government. Packers are supposed to pay the Government for the service only when they extend operations from 8 to 10 or 12 hours a day for a brief period, or when there is a temporary unscheduled need for extra inspection service.

Because of a shortage of Government-supplied inspectors, however, these overtime assessments of packers are being built into regular operations.

I am told some packing plants which operate around the clock—24 hours a day—are supplied only enough inspectors for 16 hours. As a consequence, each inspector has to be on the job 12 hours, and the packer regularly has to pay for 4 hours of work from each of them at the overtime rate.

In spite of the shortage of Federal inspection manpower, the inspection staff is being reduced by attrition. I have objected vigorously that we have only 15 inspectors who travel abroad to keep check on 1,100 foreign packing plants which export to this country. I am now told that the number is 14, not 15. A reduction of one inspector may not seem very important but it is when it is one of just 15.

My attention has also been called to an article in the April–May 1970 issue of the Federal Veterinarian, which carries revealing that over the last 9 months, although the Consumer Protection Service responsibilities continue to grow, the number of veterinarians in the program has been reduced by 18. There were 85 appointments and 103 resignations, retirements, and deaths.

Since the healthfulness and sanitation of food products is involved, this is a situation that needs our immediate attention.

I shall talk with the appropriate committee chairman about it, but I hope other Members of the House—and certainly those who represent predominantly consumer districts—will join me in an effort to quickly provide sufficient funds so there can be no alibis for anything short of rigid inspection and maintenance of food standards in this Nation.

We must not allow our Federal inspection service to become as inadequate and imperfect as the General Accounting Office says it is.

TRUCK, AIR, MARINE, AND RAIL CARGO THEFT AND PILFERAGE

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

Mr. WOLFF. Mr. Speaker, there is a great and growing problem of theft and pilferage in truck, air, marine, and rail cargo shipments. While exact figures are not available because of inadequate reporting procedures, combined estimates for the four means of cargo shipments indicate a total loss last year of almost $1 billion.

It has been my privilege to work in this area of concern with the distinguished senior Senator from Nevada (Mr. BIBLE) who, as chairman of the Senate Select Committee on Small Business, has led a thorough and far-reaching investigation into this problem. Just this week the Senator has resumed his comprehensive and productive hearings into this area.

To help provide us with the means of gathering needed information about the extent and causes of the problem of cargo theft and pilferage and to provide recommendations to solve this problem,

the Senator has drafted legislation to create a Commission on Security and Safety of Cargo. I am pleased to be able to introduce a companion bill in the House today.

It is time that the available resources of the Federal Government and appropriate organizations in the private sector were joined in a total effort to solve this problem. This legislation provides us with the means for coordinating such a unified and thorough effort.

Finally, Mr. Speaker, it should be emphasized that the problem of stolen and pilfered cargo shipments is proving to be a serious drain on the economy. Small businessmen who are unable to insure shipments because of the prohibitive premiums are seriously hurt by this situation. And of course, as is always the case in situations such as these, it is the consumer who ultimately must pay the bill for business losses in interstate and foreign shipments. For if businessmen did not pass a significant portion of the cost onto the consumer they would be hard put to remain in business.

Now, under leave to extend my remarks, I would like to include in the RECORD a copy of an article from today's Journal of Commerce regarding stepped up efforts to control cargo thefts:

U.S. READIES WAR AGAINST CARGO THEFT

(By Robert F. Morison)

WASHINGTON, June 24.—The Treasury Department today disclosed a three-pronged attack on cargo pilferage in the country's ports and raised the additional possibility of establishing special security measures in high risk areas with the licensing of truckers entering these areas.

Assistant Secretary of the Treasury Eugene T. Rossides, who described the Treasury/Customs Bureau attack drew from Sen. Alan Bible (D-Nev.), chairman of the Senate's Small Business Committee, the comment that the Administration appeared to be "beginning to come to grips" with the pilferage problem that is estimated to be taking more than $700 million worth of goods annually from trade channels.

HAVE PROPOSAL

Mr. Rossides said Treasury/Customs had already proposed regulations for a uniform carrier reporting system which makes the disclosure of theft of imported merchandise more certain and may relieve carriers of the necessity of paying duty on such goods. Helen D. Bentley, chairman of the Federal Maritime Commission, testified that the probable need to pay duty on imported goods even though stolen and not landed discouraged such reporting.

Admiral Goehring, like Mr. Rossides and other witnesses, stressed again that "there is a lack of real definitive information in this whole area."

Mrs. Bentley, while claiming under present law FMC lacks direct responsibility for policing this type of theft, said her agency is "acutely aware" of its impact and "very definitely" plans to work out a reporting system so the extent of pilferage may be learned. "The cost of our exports are going up too much," she added, to tolerate any extra push from such a cause as theft.

She also noted that many containers are now opened and restuffed at U.S. ports, under labor contracts between employers and especially the International Longshoremen's Association in Atlantic and Gulf ports, thus offering "opportunities for more pilferage," at those points. By contrast, she said, foreign countries, although lagging behind the United States in containerization, "move them like they should" from inland point to one country right through into international trade channels.

Mrs. Bentley was not the only witness to observe that containerization—viewed once as a means of lessening theft and damage "hasn't improved" the pilferage situation "as it was expected to do."

Leonard M. Shayne, president of the National Customs Brokers & Forwarders Association of America, Inc., who called Treasury's program a "very important step in the right direction," also described the failure of containers to halt theft. Mr. Shayne suggested a number of remedial steps, including increasing the force of customs inspectors, closer supervision of cargo landing procedures by carriers, and stiffer and more uniform penalties for theft.

Mr. Rossides told the committee that about 5 to 10 per cent of the thefts that occur do so while freight is being unloaded from vessels and aircraft, some 15 per cent while such goods are warehoused, and 75–80 per cent "through collusion between truckers and the carriers' cargo handlers in delivering goods at the warehouse dock."

Mr. Rossides was quite emphatic that "organized crime is undoubtedly a significant factor in theft of cargo."

He also described customs experiment at JFK International Airport starting last April in which very tight security measures were applied.

BEHIND THE MEAT IMPORT DRIVE—AMERICAN ABSENTEES

(Mr. MELCHER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and to include extraneous matter.)

Mr. MELCHER. Mr. Speaker, the meat import lobby continues to swarm over the Capital, both downtown and up here on the Hill, in garb intended to present the image of a great friend of the American consumer—folks just intent on helping poor people in America get cheap meat.

The Department of Agriculture pulled some of the sheep's clothing off the wolf recently when it banned mutton imports from Australia. USDA finally demanded that they get the dirt, ingesta, and other undesirable matter out of the meat, and that they quit butchering emaciated ewes with caseous lymphadenitis, which they bone out and then send the mutton over here to be put in hotdogs and coldcuts.

The Western Livestock Reporter, published at Billings, Mont., has just pulled a little more of the sheep's clothing off in an article in their June 11 issue by Editor Clark E. Schenckenberger, revealing that American capitalists are already a large factor in Australia and are trying to gobble up Crown pastoral lands and low-cost freehold lands there to raise meat—for export, of course.

Mr. Schenckenberger's article reveals that U.S. capital is behind one venture that now controls 4 million acres of Australian Crown lands, and behind another with 2.9 million acres of the pastoral property. They are also buying up private lands at $50 an acre capable of supporting a cow per acre—a fraction of land cost for cattle operations here.

It would be a 20th century bonanza if these operators could acquire a substantial part of Australia—which the Australians do not like a bit—and produce meat which they can ship to the United States under inspection standards distinctly inferior to ours, further enhancing their profits.

According to the Western Livestock Reporter article, the Australians are now attempting to block further land grabs in the Crown pastoral lands, but they cannot stop purchase of relatively inexpensive freehold, or private, land.

I want to serve notice that at least one U.S. Congressman who, as a veterinarian, knows something about the livestock and meat inspection business, has no intention of letting them get by with the export of meat to the United States that is produced under standards one bit inferior to ours in America in relation to the healthfulness, sanitation, or chemical residue standards.

The Minister of Primary Industries in Australia has talked of reaching a "compromise" with our meat inspectors.

We are not going to compromise on sanitation, healthfulness, or chemical poison content a bit; our law says their slaughter methods, inspection and standards must be "equal" to ours. A compromise is not "equal." We would be doing the real Australian people themselves a disservice to permit American capital to set up, at the expense of both Australians and our own consumers, a mechanism to escape the quality meat standards that we maintain in the United States.

The maintenance of our meat import limitations can very well be a boon to the native Australian people and prevent a speculative land boom that will displace their people from the land with tragic consequences.

The facts in the Western Livestock Reporter remove some of the sheep's clothing, the disguise, from the meat import lobby. It certainly begins to explain the large sums of money that are being invested in the employment and maintenance of a large stable of lobbyists here in Washington demanding repeal of our meat import law.

The Western Livestock Reporter article follows:

LAND RUSH OF SIXTIES DOWN UNDER

(By Clark E. Schenkenberger)

Australians fear take over by well financed Americans and other foreign interests, not only of Crown pastoral lands, but freehold lands as well. Their fears are well founded. The big get bigger and the lure of buying ranches at $50 per cow unit is strong, politics, the press and public opinion notwithstanding.

Last week in the first of this series of articles, we pointed out how one of our readers with connections in Australia had brought in to us considerable information about American money and technology in Australia.

One company, the Australian Land and Cattle Company, LTD (ALCO) is one of the largest and most active outfits down there, utilizing American money and knowhow to acquire leases on Australian pastoral land, develop it and make it profitable.

ALCO is not the only American company or organization functioning in Australia, but it was the activities of this company that stirred concern and awareness in the Australians.

The state of Western Australia and particularly the area in WA called the Kimberleys attracted the interest of ALCO.

During 1968 ALCO acquired control of several stations (ranches) in the Kimberley area. As 1969 wore on, it acquired more and

at year's end it became evident to the Australians that ALCO now controlled more than 4,000,000 acres in the Kimberleys; 4,270,000 acres to be exact.

At that point, Australians realized that Americans controlled more than 20 percent of the pastoral leases in the Kimberleys. In addition, an article in the Wall Street Journal pointed out that Americans owned or lease a great share of Australia's north. This included areas not only in Western Australia, but in Northern Territory and Queensland.

And it appeared obvious to the Australians that the Americans weren't going to stop there, but would move into the freehold lands (deeded lands) along the coastal areas and in higher rainfall areas.

"A veritable land rush of the '60's" one Aussie writer called it.

At this point, Australians were also worrying about inroads by other countries, not just American. British interests are large too, and could shortly make American involvement look like chicken feed

But Lands Director for the Northern Territory Y. O'Brien said that Americans controlled more than 43,000 square miles in the Northern Territory, or about 50 percent of greener top end.

But back to the topic of buying or leasing land.

While ALCO was gathering up the reins on over 4,000,000 acres, another company named Kimberley Cattle Pty Ltd. was busily gathering up control of nearly 3,000,000 more acres in the same area.

This company, Kimberley Cattle Pty, is 50 percent owned by two Australians; A.M.P. Society and Thomas Borthwick & Sons. Kaiser Aluminum and Chemical Corp. owns 25 percent and Placer Developments Ltd., Canada owns the other 25 percent.

This group picked up control of five stations with a combined acreage of 2.9 million.

Now the politicians got into it.

Australia has a law, the Land Act, which was amended to put a 1 million acre limit on pastoral holdings. In other words, the law said no one person or company could control over 1 million acres of pastoral land.

Yet here are two companies, ALCO and Kimberley Cattle Pty. who controlled 4.27 and 2.9 million acres respectively.

It should be mentioned here that the 1 million acre limit was put on after ALCO acquired their holdings, but before Kimberley Cattle got theirs.

But a government politician Lands Minister Bovell said the Kimberley Cattle Pty deal did not contravene the Land Act provisions because of the varied ownership of Kimberley Cattle Pty.

Opposition leader Tonkin, another politician, did not agree. He also referred to the ALCO deals as a circumventing of the law.

Lands Minister Bovell countered by saying ALCO had government approval before the Land Act was amended to strengthen the 1 million acre limitation, and had in fact inspired the strengthening of the Land Act.

About this same time a man named Court, who is Minister of the North-West, came out in favor of the development plans of ALCO in the Kimberleys. He felt the irrigation projects would go a long way towards turning that region into an important grain sorghum producing area.

But not everyone felt as Mr. Court did.

Now that ALCO and Kimberley Cattle Pty activities were out in the open and Mssrs. Bovell and Tonkin had squared off in disagreement, the Australian press picked it up.

The Australian press generally sided with the philosophies of Mr. Tonkin and felt Bovell and the Australian government had been remiss in allowing so much land to fall into foreign control.

Statements began to appear in the press like these: "With (Australian) government blessing, American interests, specifically the U.S. financed Australian Land and Cattle Co., will pick the eyes out of some of the best grazing country in the Kimberleys".

And "The (Australian) government has slammed the stable door with a resounding thump but the horse is galloping away over four million acres of Kimberley pastorial lease land".

So the Australians were vocally concerned over the loss of their prime grazing land to foreigners.

The American had ceased to be a savior and was now an exploiter.

In this atmosphere, ALCO made another application to gain control of several more stations totaling over 2.2 million acres. It was refused by the government.

Texas Oil Millionaire Nelson Bunker Hunt made a bid to gain control of a large land holding. It too was denied.

Incidentally, when ALCO applied to gain control of this additional 2.2 million acres, a station which our reader-informant was part owner was included.

He told us that ALCO's offer was $115,000. Later on our friend said they sold their station to an Australian group, for $65,000, which implied, is about what it was worth.

"The Americans are creating a tremendously inflated land market" he said.

Our informant said he also thought one of the ranches the Linkletters own was involved in the ALCO offer. (This would fit as Jack Linkletter, in his statement in the May 27 WLR, said they were negotiating the sale of one of their Australian ranches.)

But the real concern of the Australians spilled over into the area of freehold (deeded) lands. Prime, developed grazing land in the coastal areas will support one cow per acre with no supplemental feed. An acre sells for about $50.

And Americans are trying to buy this as fast as they can.

Think of it. An Australian deeded ranch at around $50 per cow unit. What do you have to pay in the U.S.? $800? $1000? $1200?

This, our friends tells us, is where the Australians are gripped by a deep seated concern that borders on fear and anger. The small Aussie rancher is being forced out of the ball game by big American money coming and buying up freehold lands as they become available. He can't afford to expand in the inflated land climate and like any other businessman, he must grow to prosper.

"Shucks", our friend told us, I sold my interest in the station up north, but I'm going back to Australia to see if I can't get some of the $50 an acre stuff before it's all gone."

He has his sights set for the area around Perth, in the extreme southwestern corner of Western Australia.

He spoke in glowing terms of the belly deep green lush grass, the clean countryside and the gumtree lined roads and driveways. "It's beautiful country".

But he pointed out that Australians think so too, and what's more, they want it for Australians.

Can you blame them? No, no more than you can blame the American cattleman for wanting the American beef market for American beef.

THE KOREAN WAR IN REVIEW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. FEIGHAN) is recognized for 10 minutes.

Mr. FEIGHAN. Mr. Speaker, today is the 20th anniversary of the commencement of the Korean war. When North Korea invaded the Republic of Korea on June 25, 1950, the U.S. forces retaliated with a successful beachhead at Pusan, and a landing at Inchon. Later, Chinese Communist intervention forced Allied forces back from the Manchuria-Korea border, but limited objective offensives by Allied forces from a new line near the 38th parallel created havoc with enemy forces until they requested a cease-fire. We accepted, and the negotiations lasted 2 years before an armistice was concluded. Many phases of the Korean war now remind us of our problems in Vietnam. We still maintain two divisions in Korea to keep the peace. And if for no other reason, than for our involvement in Vietnam, I commend to every Member of Congress a reading of a brief account of the Korean war.

As the Soviet Union was consolidating its empire in Eastern Europe, it pursued its objectives in Asia and the Pacific by using the Yalta agreements to occupy Manchuria, North Korea down to the 38th parallel, Sahkelien, and the Kuriles. Later, as China was becoming Soviet oriented, the Soviet Union set the stage for further expansion in Asia by organizing aggression in North Korea to take over the entire Korean peninsula.

To provide a political base for this objective the Soviets in 1948 sponsored the formation of a "Peoples Republic" in North Korea, with the capital in Pyongyang, under their puppet Kim il Sung. This "People Republic" was organized under the direction of a Communist party, controlling all echelons of government, to exploit the human and material resources of North Korea. Further preparations included the training and equipping of 11 combat divisions with supporting tanks and artillery, two brigades, an air force, and a navy. During this training period a Soviet general staff was located in Pyongyang with advisers assigned to North Korean troops down to battalion level. Meanwhile the most modern technical comunications system was established between Pyongyang, North Korea, Changchun, Manchuria, and Khaborask, Siberia, to coordinate future plans and actions for this new military force.

By early 1950 there were signs of aggressive intent by North Korea. Maneuvers were held in the forward areas near the 38th parallel, patrols engaged in skirmishes with South Korean units on the border, and Radio Pyongyang assumed a strident tone against U.S. imperialism and the Republic of Korea. General Roberts, Chief of the U.S. Military Mission in Seoul, supervising the training and equipping of the South Korean security forces of 50,000 men, signaled Washington of these developments and warned that South Korea would be unable to withstand an invasion. Other ominous signs appeared when General Derevyanko, the Soviet representative on the Four Power Allied Council in Tokyo, and Jacob Malik, the Soviet member on the Security Council of the United Nations in New York both left their posts so that they would not be accountable for impending developments.

The climax came at 4 a.m., on Sunday, June 25, 1950, when enemy forces crossed the 38th parallel, invaded the Republic of Korea, overran the inferior South Korean forces in their path, and within 3 days occupied the Capital City of Seoul. Although the Republic of Korea Govern-

ment made its escape to the south, it was now abundantly clear the enemy possessed the capability and intention to occupy all of Korea, seal off the Sea of Japan, secure advanced air and naval bases, and threaten Japan, the main defensive link in our Western Pacific strategic frontier. This frontier provided the Americans with a defensive geographic arc extending from Alaska, through the Aleutians, Japan, Okinawa, Taiwan—Formosa—the Philippines, and the Marianas where Guam is located.

The United States was ill prepared for these developments. The country was undergoing peacetime adjustments, curtailment of its Military Establishment, and was placing abiding faith in the United Nations organization to maintain world peace. As a result our Army, air, and naval bases in the Western Pacific had become undermanned and weak. Our divisions in Japan were lacking in technical personnel and equipment and for the most part personnel in the ranks were enlistees with only 3 to 11 months' experience from the time of their induction in the United States.

Nevertheless, President Truman ordered General MacArthur, commander of U.S. Far Eastern Forces, to take all possible action to engage the enemy, and protect the sovereignty of the Republic of Korea. Simultaneously, the Security Council of the United Nations in New York passed a resolution condemning the enemy's aggression in Korea, and called upon the members of the United Nations to aid the Republic of Korea. When we went to war, the London Daily Express commented rather prophetically when it stated:

> Not much is known about that far-off land of Korea, but before the fighting is over, there is a very good chance that Korea will be a household word before the fighting is over.

To stem the tide while a beachhead was prepared, light arms were flown into Korea to establish blocking positions at points of contact, the Air Force flew missions from Japan and Guam to harass the enemy wherever they could be found, and the Navy blockaded the east and west coasts of the peninsula to prevent enemy enveloping operations on the South Korean coasts. For 6 weeks our troops fought from foxholes with rifles, hand grenades, and light rocketry, making every enemy advance a costly one. Our casualties were very heavy, but among those who lived, many were cited for extraordinary bravery beyond the call of duty. This enabled the establishment of the Pusan beachhead with a perimeter of some 170 miles, while more troops and heavy equipment were brought in from Japan and the United States, and the South Korean forces were regrouped. With the passage of time this beachhead held off the major portion of the North Korean forces.

Concurrently with the stabilization of the Pusan beachhead, preparations were made for an amphibious attack by the 10th Corps on Inchon 150 miles to the rear of the bulk of enemy forces lodged against the Pusan beachhead. This landing at Inchon involved practically every disadvantage known to specialists on amphibious warfare. There was an unusual tidal range of over 29 feet which would permit use of the beaches for only 3 hours in 12; at low tide there was a wide expanse of mud flats in front of the difficult beaches; the channel was narrow and the port facilities inadequate.

But a landing at Inchon had the prime strategic advantage of trapping the main elements of the North Korean Army, and cutting its major north-south supply arteries. This enveloping action on September 15, 1950, succeeded when it caught the enemy by surprise, and gathered over 170,000 prisoners. Gen. Alan Brooke, head of the British Imperial General Staff, has referred to this landing as the most brilliant strategic maneuver in modern military history.

With the capital of Seoul once again restored to the Government of the Republic of Korea, the American and South Korean forces were joined by welcome additions from the Philippines, Australia, Turkey, Thailand, and the Netherlands, Canada, France, and the United Kingdom. Personnel shortages in American units were made up by incorporating South Korean soldiers, serving the double purpose of bringing the U.S. units up to adequate strength, and providing training for the South Koreans which they could later pass on to their own forces which were undergoing expansion. The total United Nations combat ground forces now numbered about 420,000 of whom 177,000 were Americans and approximately 200,000 were South Koreans.

The defeat of the major forces of the enemy at Inchon created a stir in Moscow and Peking, but there was no change in their objectives in Korea, as new and massive aid was generated into the picture. On September 20, 1950, a joint Sino-Soviet Council met in one of the ancient ceremonial halls of the former Manchu rulers in the forbidden city of Peking and decided that: First, Communist China would aid the North Koreans with a task force of 800,000 troops organized from the ready divisions of their 1st, 2d, 3d, and 4th field armies stationed in Manchuria and North China; and, the Soviets to contribute a Russian-manned air force in the initial stages of the intervention, with three divisions of battle-hardened Siberian Koreans which had served in Europe in the Second World War. Within 1 month the Chinese Communists assumed positions of combat in the mountain fastnesses of North Korea.

Although these Sino-Soviet actions were unknown to us at the time, their possible intervention in the Korean war with volunteers was inherent in the situation. Therefore, in order to seal off the Manchuria-Korea border, mop up the remaining North Koreans, and bring the war to an early close U.N. forces with three columns made a dash for the Yalu River. This was approved by Washington.

During the first week of November 1950, the United Nations forces made contact with Chinese Communist troops in the high mountains and deep gorges near Manchuria, and it was soon apparent that our troops were forced into conditions to which modern means of war are less adaptable. Subzero weather, and the enemy's heavy fire from mountain positions stalled our attempts to reach the border, and much of our equipment was lost. It was now an entirely different kind of war, and an enemy offensive forced our retreat which became one of the most grievous periods of our military history.

There has been much discussion as to why the Chinese Communists were able to obtain such surprise in crossing the North Korean border. The fact of the matter is political intelligence failed to penetrate the Iron Curtain and provided no substantial information of enemy intent. Field intelligence was handicapped by the severest limitations. Aerial reconnaissance beyond the Manchuria-Korea border, which would have been our normal source of field intelligence, was forbidden. Avenues of advance from border sanctuary to battle area, only a night's march, provided the enemy with natural concealments. This left ground reconnaissance in force as the proper, indeed, the sole expedient. Here lies the basic reason for our debacle, otherwise, if aerial reconnaissance had been allowed beyond the Manchurian-Korean border, the United Nations command could well have detected the enemy's tactical plans, and taken precautionary measures.

The United Nations forces withdrew to a line, east to west, through Wonju, south of Seoul. From here our forces launched a series of limited objective offensives. The objectives were several: to regain the initiative; to keep the enemy off balance through our unremitting pressure; and to inflict upon him the heaviest possible losses in men and material. These successful limited objective attacks were known as operations Thunderbolt, Ripper, and Killer. Operation Killer during the month of May 1951, caused the enemy to suffer approximately 250,000 casualties, and it was known as the May massacre. The enemy lines of communications and supply had become overextended, and he was hurting.

Jacob Malik, the Soviet representative on the Security Council, who had returned to his seat on the Council, proposed a cease-fire on a nationwide broadcast. We agreed because the Korean war was costing too much, the homefront was tired of the war, and it had become a major issue in domestic politics. The rest of this brief story on the Korean war, without going into the details, covers over 2 years of agonized travail in negotiating an armistice. During this period the fighting continued along a fluid front between the 37th and 38th parallels, and our casualties were comparable to the formal period of the war.

To the Communists, acts of brutality, dishonor, and bad faith can be committed during the negotiations of a cease-fire or truce. These are their basic tactics. Just as coalition government in Communist practice is aimed at the continuation of the war by other means at the conference table. Since there is no limit to the aim, there is no limit to the methods. Negotiations for an armistice with this type of adversary is just no academic matter.

In previous speeches on the Vietnam War I have given lengthy commentaries

on the problems of negotiating a truce on Vietnam, and I have made suggestions on how to avoid the travails of lengthy and misleading discussions. Among these I have suggested a fixed agenda when discussing a truce or armistice, a deadline on the discussion of any one item on the agenda, and strict supervisory methods in carrying out the terms of an armistice or peace settlement.

If we try these suggestions we may lessen our disappointments in talks with the adversary.

AN EXAMPLE OF HOW CERTAIN NEWS REPORTS DISTORT THE NEWS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. FISHER) is recognized for 30 minutes.

Mr. FISHER. Mr. Speaker, the recent factfinding mission to Vietnam and Cambodia was the subject of some strange reporting by certain news media. I was one of the four Members of the House of Representatives who joined with three Senators, three Governors, and two White House aides, in making that trip—the sole purpose of which was to obtain the most accurate information currently available regarding certain aspects of our military operations in those countries.

Strange as it may be, the group had hardly been named before certain Senators, liberal press agents, and other regular war protesters attacked the credibility of the members and the usefulness of the mission.

"The committee is stacked!" the critics screamed. This blast was aped by an ultraliberal freshman Congressman, in what was probably one of his brighter moments, who gratuitously informed the public that "the facts had already been decided upon before the committee left Washington."

And so it went. The professional war protesters, an array of moratorium marchers, the critics of the Cambodian action—all became extremely disturbed because a factfinding mission was going to Vietnam. These people were unwilling to withhold judgment—not even until the facts were collected and a report of findings was made.

Being perhaps a bit naive, it was difficult for me to understand why anybody—would object to a mission designed to clear confusion by collection of facts. Down where I came from, we assume people are honest and on the level until proven otherwise. And we are understandably suspicious of those who without reason question the good faith of others.

It will be recalled that this trip followed by some 3 weeks the strike of U.S. and ARVN troops into Cambodian sanctuaries, which triggered some confusion as to the effects of the border crossing.

On the one hand the President had told the Nation the objective was to knock out vast storehouses of food and war materials, hidden in areas which had previously been treated as untouchable sanctuaries; that these supplies had been massed there for use in killing Americans and disrupting our Vietnamization and withdrawal plans. He gave assurance the strike would be swift and that all our forces would be out of Cambodia by June 30. This, he felt, would over the long pull save many American lives.

On the other hand, there were those whose first reaction was to interpret the action as an escalation of the war, who sincerely felt that it was not a wise move and could have the effect of prolonging and expanding the conflict. I am speaking of those who were sincere, who would listen to reason and welcome more light on the subject.

But as I have pointed out, there were some—a minority group—who appeared to be allergic to light and became nervous and disturbed by a factfinding mission going to Vietnam. Included were some segments of the press.

It was in this backdrop of conflict and confusion that the President sought an on-the-spot inspection and a revelation of the facts.

In Vietnam we got right down to business. We were briefed by our Ambassador in Saigon and his staff; by General Abrams and his staff; by his subordinates in the field; and by the top ARVN generals at their various headquarters. That included Lt. Gen. Do Cao Tri, known as "the Patton of Parrot's Beak" for his slashing World War II-type charges through the Communists' former sanctuaries. We visited several villages in the Mekong Delta area, met with village chieftains, local home guard police, and we talked extensively with defectors.

In addition, by helicopters we flew into Cambodia at two points, conferred with the Governor of Cau Doc Province, inspected bunkers and caches on Shakey's Hill, inside Cambodia, and we lunched with U.S. troops in another outpost where an intensive search and seizure of caches was in progress—and proving quite successful. At various places we saw tons of captured military equipment and medical supplies.

Before our departure from Saigon, we conferred for more than an hour with President Thieu.

Our probe included studies of enemy supply routes in Cambodia, leading into sanctuaries, and his ability to replenish the depleted military and food supplies, and to reorganize his scattered forces.

I have described the general scope of our coverage.

Mr. Speaker, at this point I include in my remarks a consensus report of our findings which, with the exception of a few reservations by one member of the party, was unanimous. Each of us contributed to the composition of the findings, which upon our return was presented to President Nixon.

The report follows:

REPORT OF THE PRESIDENT'S FACTFINDING COMMISSION ON SOUTH VIETNAM, JUNE 10, 1970

At the request of the President, our group undertook a whirlwind journey to Southeast Asia, leaving Washington, D.C. on June 3, 1970.

From June 5 through June 8, we met in South Vietnam and Cambodia with senior U.S. and South Vietnamese civilian and military leaders and with American and ARVN soldiers in the field. We visited villages and hamlets. We met with enemy defectors. We ranged into active battle areas. We visited with Cambodian soldiers. We were at liberty to see and talk with anyone we wished in regard to any aspect of the war.

Some of the group concentrated on the pacification program while others went into battle areas. Others visited Cambodia's capital. Some consulted veteran reporters in the area. While the visit was much too brief to be conclusive, most of us are agreed on the following broad points.

1. The Cambodian operations are militarily successful, certainly for the short term. Huge quantities of enemy arms, equipment, ammunition and foodstuffs have been captured. More than 10,000 of the enemy forces in Cambodia—an estimated one-fourth of the total—have been destroyed. Enemy command and logistical systems have been disrupted. Especially in the III and IV Corps Tactical Zones, the enemy's capability to conduct large-scale operations within South Vietnam has been substantially reduced for at least six to eight months. The confidence and morale of South Vietnamese forces have been undergirded by their proven mettle in battle and—as one top U.S. leader reported to us—as they have demonstrated a capability for combined force operations not deemed obtainable for at least two more years. The American servicemen we encountered also responded enthusiastically to this combat initiative.

We are agreed that the attack on the sanctuaries has produced important immediate dividends for the U.S. and South Vietnam.

2. We are most favorably impressed with the leadership of our own and ARVN military forces, and with the competence and dedication of State Department personnel in Saigon. Ambassador Bunker and General Abrams are extraordinarily able and effective leaders for our country. Our troops in the field are magnificent.

3. Military planning in Saigon, as in Washington, is firmly set on the removal of American forces from Cambodia by the June 30 deadline set by the President. All leaders we met with agreed that, due at least in some measure to the Cambodian operation, the scheduled U.S. troop withdrawals can safely and surely proceed. We conceive and hope that in coming months an acceleration of withdrawals may even become possible. Some ARVN forces will likely remain in Cambodia for an additional time to complete the very arduous task of locating enemy caches and removing or destroying the captured materiel. South Vietnamese leaders, both military and civilian, disavow any intention to position ARVN troops permanently in Cambodia or to allow any of their Cambodian activities to impair the Vietnamization and pacification programs within South Vietnam. They firmly state, however, that an enemy attempt to reconstitute the sanctuaries will provoke an ARVN re-entry.

4. U.S. embroilment in a wider war in Cambodia is not contemplated or expected by any of the top American or Vietnamese leaders we consulted on this trip. To the contrary, all of these leaders freely acknowledged the fact that June 30 is the deadline for the removal of all U.S. ground forces, including advisers, from Cambodia. ARVN forces will not be employed in Cambodia, according to our authorities, without the consent of the Lon Nol government. We are assured that U.S. support for ARVN forces will not be allowed to underwrite adventurist efforts in Cambodia by the ARVN at the expense of our objectives for South Vietnam.

5. There is noteworthy progress in the military and civilian aspects of Vietnamization, auguring well for U.S. disengagement and the long-term viability of South Vietnam.

On the military side, 115,000 Americans have left, and 150,000 more are to come home by next May. The Vietnamese are pridefully

taking their place. We were greatly pleased by the confidence—indeed, eagerness—of Vietnamese military leaders to assume their expanding role, despite the consequent marked reduction in U.S. casualties and the sharp increase in theirs. The Delta area—"the backbone of the nation," as a top American leader described it to us—is now wholly under Vietnamese military direction, our 9th Division having been withdrawn. Other important military areas have been moved under Vietnamese direction, including the defense of the Saigon area. Vietnamese military training has been increased by 30 percent and their military trainees in the U.S. tripled, including especially Air Force pilots—a skill at which the Vietnamese excel, according to reports volunteered by a number of our own military leaders.

On the civilian side of Vietnamization—the pacification program—progress is also encouraging. Our meetings with province and hamlet chiefs and our visits to representative villages were particularly rewarding in revealing the crucial role of local courage and leadership in regaining control in this nation so long undermined by subversion, terrorism, and war. The Vietnamese Popular Force units, roughly comparable to our civilian components, are sharply on the increase. Some 350,000 of the People's Self-Defense Force are now armed, forcing the Viet Cong to wage war on the people as well as on regular military units. Territorial Security Forces, now more than 500,000 men, are attaining a 3–1 weapons capture ratio today as contrasted to a 1–3 ratio only two years ago. The roads, the waterways, the railroads are improved and are increasingly secure in ever wider areas.

Enemy recruitment in South Vietnam is sharply down, so that almost three-fourths of enemy combat strength in this region now consists of North Vietnamese—a proportion almost exactly reversed from what it was in earlier phases of the war. Enemy defections were almost 40,000 last year, and our leaders anticipate tens of thousands more this year. Elections have been held in over 90 percent of the villages and hamlets and other important elections are near at hand—a presidential election next year, half of the Senate this fall, and 44 provincial councils this month. President Thieu is pressing for more election improvements, including a runoff requirement for the presidential election in 1971, and is attempting to develop coalition groups to reduce the political party proliferation in South Vietnam.

Noteworthy, indeed, we believe, is the continuing enthusiasm of village and hamlet chiefs to stand for election despite the obvious perils of these leadership positions targeted by the Viet Cong. In IV Corps we learned that despite an assassination rate of 8–12 a month, 82 percent of these 16,000 elective officials chose to run again, and 50 percent of them were reelected. Significant also is the fact that the newer leaders are younger and better trained.

In sum, we have both seen and felt an increasing vitality and confidence in this hard-pressed country. We share the conviction of our leaders in Vietnam that the present prospects are more promising than at any previous time during our long involvement in this war.

6. We were pleased especially by reports given us by our own leaders and President Thieu on the "Land to the Tiller" program, which promises to have a revolutionary social and economic impact throughout this country. This program, signed into law by President Thieu on March 26, is devised to end land tenancy and ultimately will distribute 2.5 million acres—60 percent of the cultivated riceland in Vietnam—to more than 800,000 rural families. Next month a series of two-week training programs will begin for 4,000 village officials who must administer this program. President Thieu expressed great enthusiasm for this far-reaching effort both for its intrinsic merit and for its countervailing influence against Communist land-redistributing propaganda. Our group commends his initiative and shares his enthusiasm.

7. Despite the heartening advance of Vietnamization, the improved operational capabilities of the RVNAF, the potential of land reform, the severe logistical embarrassments of enemy forces, the immediate tactical success of the Cambodian operations and the gathering strength of the Vietnamese political structure, we must not exclude the possibility of significant setbacks in the progress we have noted in Vietnam. Historically, there have been heartbreaks there, and this young republic will doubtless suffer more of them as an implacable enemy persists for an indeterminate time. An important indicator in coming months will be the manner in which the Republic of Vietnam measures up to these adversities. From the indications available to us, we deduce that the South Vietnamese have the tenacity and courage, and now hopefully have the time, to win their long struggle for survival.

8. Particularly for those among us who have been previously in Vietnam, the evidence of progress, military, economic, and political, is plainly evident. The clear impression we carry away with us from this brief but intensive survey is that at last in South Vietnam one can discern a genuine prospect for self-defense, a strengthening promise of political viability, and a growing spirit of confident nationhood. We prayerfully hope, and most of us believe, that all of this will be enhanced by the bold move into enemy havens in Cambodia.

9. On leaving this tormented region, we conclude that the objective of our country must continue to be neither military victory nor an indefinite continuance of our participation, and assuredly not an enlargement or broadening of our military role in Southeast Asia, but rather an orderly withdrawal of American personnel in phase with the mounting capability of the South Vietnamese to assure their own security and lead their own lives in their own way.

Mr. Speaker, I also include a copy of ome of my own findings, which supplenented the consensus report:

STATEMENT BY REPRESENTATIVE O. C. FISHER CONCERNING FACTFINDING TRIP TO VIETNAM

The group which went to Vietnam on a fact-finding mission spent four days in a search for information that would throw light on issues that have evolved out of the war, and particularly the action in Cambodia.

As a result of extensive briefings, travels into the hamlets and into Cambodia, I feel ve were able to nail down a considerable number of facts—facts which can hardly be disputed. And there is nothing quite as obstinate as a fact.

1. To begin with, it is a fact that there was a joint military move into Cambodia, where Communists were deeply imbedded in sanctuaries from which they were able to launch major military attacks against U.S. and ARVN forces, and also to supply Viet Cong operations inside Vietnam.

2. It is a fact that as a result of that military move into Cambodia, vast storehouses of military equipment and rice were captured before the enemy had time to move it. This included several complete hospitals, many tons of medical supplies, some 12-million rounds of rifle and machine-gun ammunition, and many tons of rifles, mortars and artillery pieces. And additional discoveries are being made each day as the search over a wide area is continued.

3. It is a fact that in much of the sanctuary areas the native Cambodians had during the past year been evicted by the Communists and were forced to seek other places in which to live.

4. It is a fact that 10,000 of the enemy were killed or captured during the Cambodian operation.

5. It is a fact that both U.S. and ARVN troops which participated in the Cambodian campaign performed exceedingly well, according to all accounts.

6. It is also a fact that in areas where native Cambodians were encountered, the visiting forces were well received. In fact, some Cambodian soldiers joined the South Vietnamese in the search for hidden Communist weapons.

7. It is a fact that the replacement, of both men and supplies, for the Communists will be very difficult, if not impossible to fully accomplish. That is due to the closing of the port at Sihanoukville, through which from 80 to 90 percent of the captured material had been received. The other alternative is the circuitous Ho Chi Minh Trail, adversely affected by floods and distance.

8. It is a fact that Communist forces which had enjoyed the unmolested tranquility of the Cambodian sanctuaries, now appear to be in considerable disarray as a result of the hasty retreat to avoid confrontation with U.S. and ARVN troops, which adds to the disruption of their war plans.

9. It is a fact that, according to every responsible authority, the Vietnamization program is proceeding even better than had been expected.

10. It is also a fact that, according to all responsible authorities, the Pacification program—particularly in Zones III and IV, which we visited—is progressing remarkably well. Many evidences confirm that fact, including the control now enjoyed by the South Vietnamese of the Mekong River and the delta area, as well as many other areas which were previously largely under VC domination. The VC-controlled hamlets dropped from 39.7% in 1967 to only 8.1% in April of this year.

11. It is a fact there were more than 30,000 defections from enemy ranks last year, and thus far this year there have been 14,000.

12. In general, it is a noteworthy fact that the people enjoy more security in their hamlets than in many years. They travel with more safety on most of the roads and waterways. More of their schools are open. Their commodities are in most of the hamlets being marketed with relatively little interference. They are more prosperous than in many years. They now, more than at any time in the past, enjoy and participate in free elections. Indeed, 90% of local hamlets and villages elect their officials through the democratic processes, which is more than twice the percentage of only two or three years ago.

In conclusion, these were some of the demonstrable facts which the mission to Vietnam was able to confirm and ascertain. Based upon what I saw and learned on the trip it is my opinion that, aside from the abortive Communist Tet offensive of 1968—the U.S.-ARVN strike into Cambodia has proven to be the enemy's greatest disaster of the war.

It will undoubtedly save many American lives; it will enhance the Vietnamization program, and it will, in my opinion, enable U.S. troops to be withdrawn probably even sooner than had been planned.

ERRONEOUS NEWS ACCOUNTS

Mr. Speaker, some of the news accounts covering our 4 days in Vietnam and Cambodia were quite ludicrous. Some I have read were biased, slanted, or distorted—obviously designed to discredit the mission and downgrade the validity of the findings. A study of the criticism which preceded the trip reveals

a noticeable similarity to the tone of these slanted news reports.

To illustrate what I mean, I shall cite an example. Peter R. Kann, an on-the-scene reporter for the Wall Street Journal, called ours a typical VIP visit which he said had something of a "see Europe in 7 days" quality about it. "The VIPs," he revealed, "inspected three armies—American, Vietnamese, Cambodian—in the course of a single day."

Mr. Kann's obvious purpose was to give the mission the appearance of a glossed-over, hit-and-run approach, giving it a carnival-like touch. It was the sort of reporting one would expect from a typical war protester who condemns the kernel because he sees no good in the shell. That viewpoint automatically discredits any net gain that might be demonstrated from the Cambodian action. And the reporting is geared accordingly.

Now, in respect to the above quotation, what were the facts? The facts are that at no time did our group inspect any American Army, or any part thereof; no Vietnamese Army, and no Cambodian Army. Yet this news item was reported with a straight face.

The same writer referred in a disparaging tone to our visit to Shakey's Hill, in the Cambodian mountain jungle where a concentration of vast storehouses of enemy guns, ammo, and medical supplies were captured after having been bitterly defended by Communist die-hards. It was in fact a prize of major proportions. We went there to see for ourselves some of the bunkers and caches, and to learn more about the link-up of concealed Communist supply routes which fingered their way through that jungle vastness. But the Journal's alert reporter, who accompanied us in a helicopter, transmitted nothing that could be considered on the plus side and an indicator of successful aspects of the Cambodian strike. Figuratively speaking, he simply turned his head the other way and featured low morale among our troops—a condition which in my opinion was in reality nonexistent.

On Shakey's Hill the writer claimed:

A young U.S. Army lieutenant looked over the names of the VIPs and commented: "Kind of looks like the President has programmed his feedback."

If there was a way of knowing, and if I were disposed to gamble, I would wager sizable odds that Mr. Kann drew heavily upon his own imagination. It sounded more like a subtle way the reporter had of expressing his own personal attitude.

That same reporter, pursuing his evident purpose to tone down the accomplishments of knocking out the sanctuaries, added:

The men say they were told on May 2 that they were going off on a 3-day operation; they haven't been back to their base since. "Morale is bad, man; we're dragging," says one of a group of 10 G.I.s. Others agree. "We are bashed and we're scared," says another.

The men . . . say they were moved into this area of jungled hills from their normal operating area in the flat and open Mekong Delta and that they aren't trained to fight in this terrain.

I do not know if Mr. Kann heard such statements. What I do know is that I talked for several minutes with a dozen G.I.s, including a half-dozen Texans. Other members of our party talked with others. There could not have been more than a hundred men on the hill when we were there. Those with whom I talked were enthusiastic and excited about their mission. I have seen lots of troops under varied conditions, and I know for a fact that the morale of these men was very high. A company of them had been deployed there from the delta, not on a combat mission as such but to retrieve the guns and ammo from the deep bunkers.

More than one of them, of their own volition, said to me:

I don't understand why this (invasion of sanctuaries) was not done long ago. It'll save lots of American lives.

I feel certain that had Mr. Kann talked to the same men I did he would have received the same answers. But would he have included such comments in his news story? What do you think?

Then to cap off and show his true colors, Mr. Kann concludes with this:

One wonders whether COSWN (Communist Central Office for South Vietnam) has its VIP visitors to contend with.

It would seem that the great Wall Street Journal could surely do better than this.

Incidentally, I heard one trooper say, in the presence of a dozen or more reporters, that in his viewpoint he would rather "discover and retrieve the guns and ammo and take it back with me than to leave it here and let the Communists send it to me."

There is no point in belaboring this matter and citing other examples of the same type of reporting which was encountered. That is, of course, the business of the media, but the public should have some sort of access to the other side of what actually happened and be alerted to this manner of reporting.

Nor shall I comment on a CBS TV report on our visit to Shakey's Hill. I saw a copy of the script used. Without taking the time to analyze it, I can say it contained far more fiction than fact. It was obviously done purely for showmanship and entertainment, hardly related at all to what was seen, heard, and done during our visit to Shakey's Hill.

Upon our return to Washington, when the plane landed at nearby Andrews AFB, a number of reporters and cameramen had already set up an array of microphones. One would think they were seeking light—some of the impressions gained on the trip. But instead it turned out that as the Governors and Senators appeared before the mikes they were subjected to a withering round of obviously hostile questions, innuendoes, and unfounded assumptions.

Setting the tone of the questioners, one of the interrogators asked one of our group:

Governor, now that you are to make a favorable report on your findings over there, do you think the President will offer you a high spot in his Administration?

Mr. Speaker, there must be many highly reliable news reporters stationed in Vietnam. Perhaps some of those who accompanied us over there had become so bored with the war they had quit looking for or being impressed by those things which meant a great deal to me, in my own assessment of the Cambodian action and the present conditions as I found them in Vietnam.

VA APPROPRIATION ACCEPTANCE URGED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HALPERN) is recognized for 5 minutes.

Mr. HALPERN. Mr. Speaker, I was delighted to learn today that the Senate Appropriations Committee approved the $9,085,528,000 budget for the Veterans' Administration for fiscal year 1971 adding $100 million to the House version of this legislation for the 1971 medical care budget. I fervently appeal to my colleagues in this body who will serve on the Senate-House conference committee to accept this increase. Anything short of this added sum would be a travesty for the American veteran.

Commendable as the bill approved by the House may be, it is still tragically inadequate to meet the ever-rising costs of medical services and the required facilities.

Although the proposed $1.7 billion budget approved by the House is a record sum for the VA's medical services, a careful scrutiny of the budget indicates that actually it is at best a stand-still budget. And it may well be a regressive budget.

The VA's proposed budget without the Senate increases, represents a $222 million increase over spending for VA medical treatment this fiscal year. But the 7.5-percent increase barely meets the enormously inflationary cost of providing medical care.

And it certainly does not come even close to dealing adequately with what I can only characterize as a dangerously enlarging crisis in the VA medical care system. Even the Senate's $100 million increase falls short of the need to eradicate many of the deplorable conditions at some of the veterans hospitals. And the excuse that further increases would be inflationary is unconscionable.

A double sacrifice of wounded Vietnam servicemen is being imposed. The war they are fighting is itself a principal cause of inflation. To use inflation now as an excuse for denying these veterans the level of services and benefits they deserve, is intolerable.

Since July 1, 1969, more than 50,000 Vietnam veterans were admitted to the VA hospitals and made 500,000 visits for outpatient medical care. The first problem of the VA hospitals is lack of staff.

The VA estimates its proposed budget increase would augment the staff by 5,000 persons, and the proposed Senate increase would be almost double this number. 1,100 persons should be trained in particular to treat spinal-cord injuries. I strongly recommend subprofes-

sionals to meet needs because of a shortage of physicians and registered nurses in local communities.

The GI's who have served their Nation so valiantly and who require medical services deserve the best we can offer. And the least we can do, as the representatives of the American people, is to provide them with the most modern facilities and finest medical expertise available.

NATIONAL SAFE BOATING WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CHAMBERLAIN) is recognized for 30 minutes.

Mr. CHAMBERLAIN. Mr. Speaker, recreational boating continues to grow as more and more of our Nation's people participate each year. The latest estimates for 1969 show a total boat population of over 8½ million; close to $4 billion spent for boats, associated equipment, and services; and about 43 million people participating in some form of boating each year—one-fifth of the population. Recognizing the potential growth of boating, the 85th Congress passed Public Law 85–445, calling for the annual observance of National Safe Boating Week. In accordance with this law, the President of the United States issued the following proclamation:

A PROCLAMATION

The pleasures of boating are known to many. Unfortunately, the potential hazards of boating are not so well known. As thousands of our fellow citizens take to the already-crowded waters each year, the potential danger to themselves—and to those who have enjoyed this pastime for many years—becomes increasingly apparent. Boating is and should be enjoyable, but it will remain that way only if the safety of all those engaged in boating is insured by knowledge and practice of boating safety rules.

Recognizing the need for emphasis on boating safety, the Congress, by a joint resolution approved June 4, 1968—72 Stat. 179—has requested that the President proclaim annually the week which includes July 4 as National Safe Boating Week.

Now, therefore, I, Richard Nixon, President of the United States of America, do hereby designate the week beginning June 28, 1970, as National Safe Boating Week.

The theme for National Safe Boating Week 1970 reminds us, "safe boating is no accident." As insurance against accidents, I urge the American boatmen to take advantage of the numerous courses available in boating safety.

I also invite the governors of the States and the Commonwealth of Puerto Rico and appropriate officials of all other areas under the U.S. flag to provide for the observance of this week. And to the many fine organizations who will voluntarily give of their time during this year's observance, I offer my appreciation in advance.

In witness whereof, I have hereunto set my hand this 21st day of January in the year of Our Lord, Nineteen Hundred and Seventy, and of the independence of the United States of America the one hundred and ninety-fourth.

THE PROBLEM

The emphasis placed on boating by this proclamation is clearly necessary when we examine the annual boating statistics report released by the U.S. Coast Guard on May 1. The report is required by the Federal Boating Act of 1958. This act provides for a standardized system for the numbering and identification of undocumented vessels, including pleasure boats of more than 10 horsepower, uniform accident reporting, and participation in these programs by the States. Since the effective date of this legislation, April 1, 1960, every jurisdiction but the States of Alaska, New Hampshire, Washington, and the District of Columbia have provided for numbering systems which have been approved by the U.S. Coast Guard and meet the standards set forth in this act.

There was a slight increase in boating fatalities in 1969—1350 as compared to 1342 in 1968. In its annual report, the Coast Guard revealed that 18.7 percent or 252 of the boating accident deaths last year involved rowboats, canoes, sailboats and other small craft without engines. These types of craft are not required by Federal law to carry lifesaving devices. During the same period the boats numbered in all States and territorial possessions of the United States reached an all time high of over 4.8 million.

Capsizing, as in past years, still remains responsible for the largest number of recorded deaths. In 1969, capsizing resulted in 41 percent of the total number of lives lost in boating accidents. This figure is about the same as the 1968 percentage. Of the 1,350 fatalities, drowning accounted for 1,260 victims, and 734 of the drowned either did not have or did not use lifesaving devices.

Last year a total of 5,239 vessels were involved in 4,067 boating accidents involving at least $100 property damage, an injury which incapacitates anyone for over 72 hours, or death. This is 128 less than in 1968. 1058 of these vessels were involved in fatal accidents, while 670 were in accidents resulting in injuries. The amount of property damage was over $6.3 million.

Since 1965 the estimated number of boats has grown 10 percent while the number of accidents has increased 8.8 percent. During the same 5-year period fatalities remained about the same. Even though the number of fatalities, accidents, and injuries have remained relatively small over the past few years, the number of boats in operation has increased appreciably. It has taken dedicated effort by the Coast Guard, the States and many fine volunteer organizations to accomplish this. What has been done, however, is not enough. The Coast Guard, with its responsibility for safety on navigable waters, and the States must do more in order to reduce these accident figures. We can hardly expect the number of accidents to remain stable, much less decrease, without additional resources and the proper legislative tools.

The Coast Guard has embarked on a four-pronged attack on the problems of boating safety called the 4E's—engineering standards, education, enforcement, and environmental concerns.

A boatman should expect that the boat he buys meets minimum safety standards. This is not the situation at present. While there are some safety requirements that can be enforced by the Coast Guard, they are not adequate and are too specific to adapt to new technology. The basis for these requirements is the Motorboat Act of 1940—responsive at the time but now woefully inadequate. Boats that comply with safety standards also help protect the public by breaking the chain of events that leads to operator error. The Coast Guard is seeking new legislation that is broad enough in scope to protect the public against the range of today's hazards.

This legislation is the Federal Boat Safety Act of 1970—H.R. 15041, S. 3199. Among other things, it provides for establishing minimum Federal safety standards for boats and associated equipment based on a documented need. For the first time the responsibility for building a safe boat will be placed upon the manufacturer. The boatman, of course, will still be responsible for the safe operation and proper maintenance of his craft. I support this bill and urge every member of Congress to do likewise.

Educating the boatman in the hazards of a relatively unfamiliar environment is another effective safety tool. The States, Coast Guard Auxiliary, U.S. power squadrons, American National Red Cross, National Safety Council, Boy Scouts of America, and many other organizations assist the Coast Guard in the enormous task of education.

To be effective, the millions of individuals comprising the boating public must be reached. The Coast Guard through boating films, safety publications, Coast Guard Auxiliary programs and utilization of boating safety detachments in public education activities, takes advantage of every opportunity to stress the practical aspects of boating safety. The Coast Guard also has close coordination with the boating industry, the National Safety Council, and other such vital organizations.

The Boating Safety Center is a new program designed to better provide boatmen with valuable educational materials and information. The Centers provide a single mobile location where the boatmen can obtain environmental information, a safety check of his boat, information on local conditions, legal requirements, and advice from the experienced and knowledgeable.

President Nixon has emphasized the critical need for decentralizing government. Historically, the concept of a Federal police force has been repugnant and has been consistently rejected. The Coast Guard therefore minimizes Federal involvement in law enforcement actions directly involving the individual. On waters of the United States where both Federal and State authorities have jurisdiction, they look to State and local jurisdictions to enforce those safety requirements with which the operator must comply. Federal enforcement is provided only where reasonable State capabilities are unavailable—particularly in coastal waters—or where safety violations are observed by Coast Guard forces.

This policy is reflected in the use of the Coast Guard's 41 boating safety detachments. These detachments are three-man teams which visit navigable lakes, rivers and other waters where

boating activities are concentrated. The detachments, as well as 164 shore stations are the principal forces presently carrying out a safety patrol concept. This is a roving waterborne patrol designed to deter, detect, and report unsafe practices as well as educate the public. The mission of this enforcement and education, is to minimize unsafe practices such as speeding in congested areas, overloading, improper loading, operating while under the influence of liquor, operating in swimming areas, and operating in posted dangerous areas. The safety patrol concept will continue to be stressed on all water fronts this year.

Boating safety detachments have an effective broad impact because of their mobility and flexibility. Their effectiveness is not to be measured in the number of boardings accomplished, but rather in whether or not our waterways are made any safer; whether the boating public is better educated in safe boating procedures by the apprehension of the reckless or negligent operator; and finally whether the accident rate decreases. The Coast Guard plans to triple the number of boating safety detachments over the next 5 years. I strongly support this plant and urge those responsible to make every effort to increase the number of these detachments so vital to the boating safety program.

Water is the boatman's environment. While we cannot control the environment insofar as preventing storms or bad weather, the boatman can be provided with the best possible information while on the water. The Coast Guard has a study underway to provide better ways of warning the boatman about the weather. Much has already been done to expand the present systems as well.

BOATING SAFETY A JOINT EFFORT

The Coast Guard Auxiliary is extremely active in the education of the boating public in safe boating practices. As a voluntary nonmilitary organization, the auxiliarists' purpose is to promote safety in recreational boating. I congratulate the auxiliary on its dedicated and unselfish efforts to keep America's pleasure boaters safe. Its 28,000 members are experienced boatmen, amateur radio operators, or licensed aircraft pilots. The three basic programs carried out by the auxiliary are courtesy motorboat examination, public instruction, and operations: 418,450 persons were instructed in three safe boating courses last year; 192,011 courtesy motorboat examinations were performed; over 4,000 regattas were patrolled; and almost 10,000 cases of assistance were recorded.

In addition to the auxiliary, many other fine organizations participate heavily in safe boating activities. The U.S. Power Squadrons, American National Red Cross, and Boy Scouts, are just a few.

The States are also very much involved in boating safety and very concerned about what the future will bring. Educational efforts by the States are increasing as rapidly as limited funds permit. The Coast Guard works closely with the States on every aspect of boating safety. This can be easily seen in the number of State jurisdictions—41 with three pending—that have signed cooperative agreements with the Coast Guard. These agreements directly affect the coordination and effectiveness of safety patrols and enforcement activities. The encouragement of uniformity and comity among the different States regarding these boating laws is of vital importance to everyone involved with boating. The Congress, in the Federal Boating Act of 1958, established this, and Coast Guard policy encourages the principle. The mechanics of uniformity however are often complicated by the inadequacies of existing Federal laws.

NATIONAL SAFE BOATING WEEK

National Safe Boating Week—focusing attention upon the need of pleasure boatmen to know and comply with safe boating practices and regulations—begins June 28 this year as stated in the proclamation. Its objective is to emphasize efforts urging the more than 43 million people using boats on our waters to help keep boating safe; to teach important fundamentals of safe boating to newcomers; and to remind experienced operators as well as the novice to practice commonsense and courtesy afloat. The basic theme for this year's observance of the week is "Safe Boating Is No Accident."

National Safe Boating Week also pays tribute to the many persons and organizations who have contributed toward maintaining boating's fine safety record. Almost 2,000 Coast Guard auxiliary flotillas, U.S. power squadrons, boating clubs, States and other boating and safety minded organizations are expected to participate in the national Safe Boating Week observance in communities throughout the country. The concerned individual is truly the backbone of the effort.

Assisting the local organizations is the national safe boating committee, sponsor of National Safe Boating Week, principally by distributing promotional material; 7,500 promotional kits have been sent to local organizations all over the country. Promotional material has also been distributed to practically every major news media organization. The committee includes representatives from the U.S. Coast Guard, the U.S. Coast Guard Auxiliary, the American Boat and Yacht Council, the American National Red Cross, the American Power Boat Association, the American Water Ski Association, the Boat Owners Association of the United States, the Boat Owners Council of America, the Boy Scouts of America, the Corps of Engineers, the Environmental Science Services Administration, the National Association of Engine and Boat Manufacturers, the National Association of State Boating Law Administrators, the National Boating Federation, the National Fire Protection Association, the National Safe Boating Association, the National Safety Council, the Outboard Boating Club of America, the U.S. Power Squadrons, the Marine Division of Underwriters Laboratories, Inc., and the Young Men's Christian Association. To all of these organizations safety in boating is as important as it is to the individual and his family. To all of those national and local committees actively participating in National Safe Boating Week, I extend my congratulations. I urge all others interested in boating safety to join in making this an even more effective National Safe Boating Week than the successful ones in the past. Let us continue the good practices set forth by National Safe Boating Week throughout the year.

FEDERAL BOAT SAFETY ACT OF 1970

One final point Mr. Speaker, as I have mentioned previously, there are several inadequacies in existing boating law. I again urge Congress to support the Federal Boat Safety Act of 1970. With the tools in this bill, the Coast Guard and the States will be better able to keep our boating public safe.

DAY OF BREAD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PURCELL) is recognized for 10 minutes.

Mr. PURCELL. Mr. Speaker, I am pleased to join with the gentlewoman from Washington (Mrs. MAY), the gentleman from Montana (Mr. OLSEN), the gentleman from Washington (Mr. FOLEY), the gentleman from Michigan (Mr. BROWN), the gentleman from Idaho (Mr. HANSEN), the gentleman from South Dakota (Mr. REIFEL), the gentleman from South Carolina (Mr. MANN), the gentleman from Illinois (Mr. ANDERSON), the gentleman from Nebraska (Mr. DENNEY), the gentleman from New Jersey (Mr. WIDNALL), the gentleman from California (Mr. TALCOTT), the gentleman from Texas (Mr. CABELL), the gentleman from Hawaii (Mr. MATSUNAGA), the gentleman from Mississippi (Mr. MONTGOMERY), the gentleman from Montana (Mr. MELCHER), the gentleman from North Carolina (Mr. LENNON), the gentleman from New York (Mr. HALPERN), the gentleman from Pennsylvania (Mr. ROONEY), the gentleman from Maine (Mr. HATHAWAY), and the gentleman from Maryland (Mr. FRIEDEL) in the introduction of a House joint resolution. It calls on the President to proclaim October 6, as a Day of Bread, and that week as Harvest Festival Week.

Last year we approved a similar resolution which resulted in a Presidential proclamation and a series of very successful observances here and abroad.

As chairman of the Livestock and Grains Subcommittee of the Committee on Agriculture, I am keenly aware of the need for closer cooperation within agriculture. In the case of the Day of Bread, we have an excellent example of wheat producers, millers, and bakers working together in the interest of their products. More importantly, the concept of a day of bread is spreading to other countries and to some degree will help foster international understanding. It is significant that bread and the other products of wheat provide more nourishment for the world than any other food, serving as a staple in the diets of 43 countries with a total population of almost a billion people.

Mr. Speaker, I hope that we will give speedy approval to this joint resolution

so that the wheat industry can move ahead with its plans for nationwide observances on October 6.

WALLINGFORD TERCENTENARY

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

Mr. MONAGAN. Mr. Speaker, the town of Wallingford, Conn., is this year celebrating the 300th anniversary of its founding. In honor of the town's tercentennial a program of festivities has been scheduled from June 27 to July 4, including a parade on June 27 which will feature 100 bands and marching units and 70 floats. The town of Wallingford, England, is sending approximately 150 of its citizens, including members of its common council, to take part in the celebration. Wallingford, Conn., is in the Fifth Congressional District, which I represent. It is located 13 miles northeast of New Haven and has an estimated population of 35,900. The town's chief industries include the manufacture of silverware, instruments, electrical equipment, specialty steels, plastic resins, and apparel. Agriculture, particularly the growing of fruits and vegetables, is also of importance to the town. Choate, a famous preparatory school which has produced many of the country's outstanding leaders, is located there. For the benefit of my colleagues I should like to outline the colorful historical development of the town.

Like many towns in Connecticut, Wallingford was named after a town in Great Britain. The name "Wallingford" is derived from the Saxon word "Guallhenforde" meaning the "crossing by the old fort." Wallingford, Connecticut's British counterpart, was formerly surrounded by a wall and dominated by a Norman castle on the Thames River. Today what remains of the wall has been attributed to the work of Alfred the Great. The Norman castle was destroyed after its inhabitants gave their support to Charles I in the middle of the 17th century.

The town of Wallingford, Conn., dates its beginnings in early British Colonial America. The year 1660 brought the restoration of the monarchy in Great Britain thus foreshadowing an upheaval in British politics. The people who played dominant roles in the revolution which resulted in the execution of Charles I were forced to flee to either Europe or America. Two of the regicides who were high ranking members in the armies of Parliament were Edward Whalley and William Goffe. Along with John Dixwell both fled the immediate jurisdiction of the restored king and arrived in Boston on July 27, 1660. They were favorably treated by Governor Endicott and other high officials of the Boston colony until it was learned that these men were personally obnoxious to King James II and should be apprehended and executed as traitors. Upon learning of the order for their arrest the regicides fled the Massachusetts colony and sought the aegis of the adherents of Oliver Cromwell located in New Haven. On March 26, 1661, they passed through Wallingford on their way to New Haven. When the news of the royal mandate requiring their arrest reached New Haven, they were again forced to flee. Until they left Milford on October 13, 1684, where they had stayed for 2 years, they had been concealed in many places in the area. After leaving Milford they went to Hadley, Mass., which was then a remote frontier town where they hoped that their presence would not be suspected. According to an Indian deed of 1664, the place on which the town of Wallingford now stands was once known as "Pilgrim's Harbor." The area became known by this name because the regicides camped there for several days in order to obtain the security of the swampy wilderness. The name "Pilgrim's Harbor" was given to it by the early settlers in honor of the shelter and security the area provided for these men who while being regarded as traitors at home were regarded as patriots by the Colonial Americans.

A primary reason for the settlement of Wallingford by the English was the Indian menace. A bellicose tribe of Indians known as the Pequots inhabited the eastern part of the State, however, their power was felt west of the Connecticut River. Many of the other tribes in the surrounding area had been conquered by the Pequots after which dominion was established and a tribute was exacted. The Pequots held control over the Mohegans and Quinnipiacks thus extending their power as far west as Branford. It is not surprising that the Indians of western Connecticut welcomed the settlement of the English among them as a means of maintaining peace by affording them protection from the hostile attacks of other tribes. In the first treaty in 1638 concluded between Theophilus Eaton, John Davenport, and the sachem Mamauquin for the sale of New Haven it was specifically stated in the treaty that the Indians desired English settlement for protection. A second purchase of a tract of land was made on December 11, 1638, which encompassed an area 10 by 13 miles and which now includes the towns of New Haven, Branford, Wallingford, East Haven, Woodbridge, Cheshire, Hamden, and North Haven.

An attempt to settle Wallingford was first made in 1669, however, because of hostile Indians settlement was deferred until 1670. The earliest settlers came from Boston and New Haven and besides the threat of hostile Indians had to face such hardships as wolves, famine, and disease. The Court of Election held at Hartford on May 12, 1670, confirmed a grant of land made by the town of New Haven for the establishment of the town of Wallingford.

Lyman Hall was born in Wallingford, Conn., on April 12, 1724. He was graduated from Yale in 1747 and in 1751 he began the study of medicine. In 1757 he moved to Midway Settlement in Georgia where he became a prominent physician. At the time of the First Continental Congress political opinion was divided in Georgia with the denouement that no representatives from Georgia were sent to it. Lyman Hall was a popular and influential member of St. John's parish in Georgia. At first the people of St. John's parish tried to ally themselves with the town of Charlestown, S.C., however, their request was denied. Lacking any other alternative the people of St. John's parish elected Lyman Hall in March 1775, as their delegate to the First Continental Congress. He was accepted as a delegate from St. John's parish in the colony of Georgia on May 1, 1775. Lyman Hall's example as a delegate resulted in Georgia's appointment of a full delegation including Lyman Hall to the Continental Congress. He participated in the deliberations which led to the composing of the Declaration of Independence and was one of its signers. He retired from the Continental Congress in 1781 and in 1783 became the first Governor of Georgia.

The town of Wallingford was an early supporter of self-determination for the colonies. In September 1763, the British Parliament passed the hated Stamp Act which made it a requirement that all paper used in the transaction of business should be stamped and a tax paid. Among the colonists it was felt that this tax was inconsistent with the principles of freedom based on the English Constitution. In January 1766, a town meeting was held in Wallingford where it was voted that anyone using the stamps on any documents would be liable for a fine of 20 shillings which would be collected by the town selectmen for the amelioration of the poor. The resultant unpopularity of the Stamp Act caused its repeal in March 1766. In response to the passage of the Boston port bill which had the sole purpose of destroying Boston's trade, the people of Wallingford in November 1774, voted to appoint a committee to collect donations to be sent to Boston for the relief of the indigent sufferers of the port bill. On his way to take command of the Continental Army, George Washington passed through Wallingford in 1775, and he returned again after he had become President. On March 31, 1777, the town voted that each citizen of Wallingford who served in the Continental Army would receive a bounty of 5 pounds per year for 3 years service. The town established a tax on December 16, 1777, for the purpose of obtaining revenue to aid the soldiers and their families.

Wallingford, Conn., has participated in the growth and development of the United States. The town has not only participated in this historical development of this great country but has helped to spread the industrial revolution throughout the United States. Modern Wallingford continues to exhibit the energy and imagination which so ably characterizes the town's development in the last 300 years. I salute the town of Wallingford on its tercentennial and offer my best wishes for its continued growth and prosperity.

THE CURE MAY BE WORSE THAN THE DISEASE: THE CASE OF UNSAFE DRUGS ON THE MARKET

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

Mr. PODELL. Mr. Speaker, we are all aware that the human body is a very

delicate and complex instrument. We know, too, that it is extremely sensitive to both stress and changes in its environment.

Today that environment is changing almost daily, and the change, in every instance, has been for the worse. Stress on the human body has increased accordingly. Our air is contaminated by harsh chemicals; the water in our rivers and streams is filled with sewage and industrial wastes, and the body is exposed to all these poisons.

A team of researchers has found that a close association exists between continued exposure to air pollution and eczema and asthma in children under 15. There is known to be a relationship between air pollution and cancer in the stomach. The human body has thus become the victim of its surroundings.

But today, I would like to talk about something that is receiving less publicity than the threat of the environment, but which also poses a serious threat to the health and well-being of our citizens. I am talking about the drugs and medications that are taken by so many of our citizens—drugs that, at some later date, are suddenly found to be harmful to their health.

Anyone who lives and who eats in our society cannot but be aware of the large amounts of artificial chemicals that have been introduced into our daily diets. The old adage that you are what you eat has changed from a pleasant homily to a frightening thought.

Some chemicals appear in the form of food additives—the most famous, of course, being cyclamate, the artificial sweetner that was recently found to be the cause of cancer in laboratory animals. In other cases, doctors have prescribed drugs to treat a specific illness only to find that the cure had worse effects on the patient than the disease

The Government has the obligation to protect the health and the safety of its citizenry. By allowing the sale of such harmful drugs, it is obvious that the Government is not living up to that obligation.

By its inaction, the Government has become a partner to a serious wrong that is being committed on the public. Both the public and their doctors have not been provided with information about the nature of the substances that they have been consuming or prescribing in such large quantities. Rather, the public has become the victims of overanxious drug companies putting their "wonder-drug. But in the past, the conferring of knowledge of their possible effects. The Government in most cases has stood by silently, or has reacted only after the drug has caused damage.

If a drug is given "investigational status" by the Food and Drug Administration, it means that the Bureau has not given its unqualified approval to the drug. But in the past, the conferring of such investigational status has meant "open season" for the widespread use and sale of the specific item. Thalidomide was a case in point.

At the exact time when drugs and medications are entering our market in increasing numbers, we find that the proposed Government budget is cutting funds for drug research. If adequate money is not provided for such research, we will once again have what we had in the case of thalidomide—the lack of rigorous testing prior to sale and the hit-or-miss discovery that the drug was harmful.

What is needed is a new scheme for the rigorous testing of drugs before they are placed on the market. I personally believe that such testing requires no less than an independent drug testing unit where true professionalism could be brought to bear.

Traditionally, the drug industry has maintained a great deal of pressure on the Food and Drug Administration, and too often, the drug industry has looked upon the results of the tests for a specific drug in purely economic terms. In fact, under present regulations, the drug industry has been the tester of its own drugs. Yet the industry has not always adhered to the highest standards of investigation. It has not always picked the best investigators nor has it provided these individuals with the fullest information on the range of hazards that may be expected.

I believe that it is time to take the element of luck out of drug testing. It is time to look into the long-term potential and dangers of a drug and rest content with the fact that it appears to have no immediate harmful effects.

We must once and for all remove the threat of having another thalidomide on the market. We must bring an end to the abbreviated and deficient drug-testing studies of the drug manufacturer. For as long as these old procedures remain intact, the threat of an unsafe drug on the market remains all too real.

In November of last year, with several of my colleagues in the House, I introduced a bill authorizing the creation of a National Drug Testing and Evaluation Center. This National Drug Testing Center would assume the responsibility for the testing of new drugs that is now in the hands of the drug manufacturers.

I believe it crucial that an outside and professional organization carry out such testing—an organization free from political pressure and free from the pressure of the drug industry. Only in this way will more objective and more complete research and reporting go into drug testing.

Unfortunately, no action has yet been taken on this bill, so at this time the work of the Center remains only potential. Yet we continue to hear of unsafe drugs and food additives being bought and sold on the market; we hear of only limited formal testing; we hear of drugs that have been used by millions of people suddenly being declared "unsafe."

It is time to have some action from this Congress. I am asking the House to act to retain the strictest standards for drugs, to allot more money for drug testing, and to promptly consider the measure creating the National Center for Drug Testing and Evaluation. The well-being of our citizens requires that no less be done.

FEDERAL BROKER-DEALER INSURANCE CORPORATION

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

Mr. PODELL. Mr. Speaker, 10 months have elapsed since legislation was introduced calling for the creation of a Federal Broker-Dealer Insurance Corporation. The urgent need for such an insurance corporation has been highlighted by the recent failure of seven major brokerage houses. Over $15 million have been lost as a result of these sudden failures. Millions more will be lost unless this Congress acts quickly and decisively.

This legislation authorizing the creation of the FBDIC does not seek to merely analyze the problems of the brokerage industry. We have had enough analysis, and now it is time to act. This action would protect the investors who are in danger of great financial loss if a brokerage house fails.

A broker is not merely a buying and selling agent whose responsibility to the customer ends with the termination of each individual transaction. These balances are used by the broker to finance the operation of his business in the same manner that banks use their cash reserves.

If a brokerage firm should go bankrupt due to operational or financial difficulties, the investor's credit balance vanishes as does the broker's other assets.

The current condition of the securities industry is a serious one. In addition to the seven brokerage houses which have already failed, 62 other firms are under observation as being in poor financial condition. Every day there are rumors of more insolvencies.

At present, there is no form of protection for the innocent investor who finds himself the victim of his broker's bankruptcy. It is the purpose of this bill to provide such protection.

Once the FBDIC is established investors need not be penalized if their brokerage houses fail. In the event that a broker should become insolvent, the FBDIC would immediately make complete payment of all insured customer accounts either by cash or by the securities to which the customer is entitled under section 7(b).

Under section 5(a), every broker would be assessed by the FBDIC at a rate of one-half of 1 percent of the broker's net capital each year. Fifty percent of this assessment would then be transferred to the corporation's capital account, and would thus contribute toward payment of their next year's assessment—section 6(a).

The FBDIC would be further financed by $200 million in the form of capital stock, which would be subscribed for by the Treasury Department—section 11(a).

Thus, the insurance would be of no extra cost to either the taxpayer or the investor.

Recognizing the gravity of the situation, the brokerage industry itself has come up with some tentative proposals.

The New York Stock Exchange is considering expanding its trust fund to $100

million, to protect its customers against brokerage house failures. The present NYSE trust fund has been depleted by recent bankruptcies to only $1.6 million.

The SEC has approved a $15 surcharge on all transactions of less than 1,000 shares, to increase the cash reserves of brokerage houses.

An industry task force has proposed creation of a private insurance corporation to deal with the problem.

However, we have heard that potential losses may be of such magnitude that we can no longer rely entirely on funds raised by the securities industry. If the credit of the Federal Government is made available through an insurance corporation, it will restore investor confidence and help the securities market out of its current slump. The full credit of the U.S. Government would be available under this bill.

Furthermore, if we are to establish fair insurance coverage for all investors, we must extend that coverage not only to those who have invested with brokers on the major stock exchanges, but to those whose savings have been entrusted to brokers who are not members of any of the major exchanges.

While testifying on this very subject, Mr. Hamer Budge, president of the SEC said:

> The trust funds set up by the exchanges are voluntary, and the exchanges have asserted that they have no legal obligation to the customers of their member firms in this regard. Moveover, customers of broker-dealer firms which are not members of any of the exchanges are not afforded the benefit of any trust fund.

Mr. Budge went on to further endorse the concept of an FBDIC saying:

> There would seem to be little question that some form of comprehensive insurance system would be indicated.

The stock market today is no longer the private territory of the rich. The man of middle income has also invested heavily. Thus, we must assume measures which will protect not only large investors, but will extend protection to the small investors who are seriously hurt by brokerage failures. In the last year, off lot trading, an accurate gauge of small investor participation, has decreased by 45 percent, indicating that the small investors are being forced to the sidelines by the tremendous losses they have had to absorb. Only the Federal Government has the resources to provide the necessary protection as well as restore investor confidence in the securities market.

The Federal Bank Deposit Insurance Corporation, like the Federal corporation which insures savings deposits, will serve a dual purpose: It will protect individual investors from the disastrous effects which follow the failure of financial institutions, and it will increase the soundness of these institutions and restore public confidence in them.

The speedy adoption of such legislation is imperative to our economic well-being.

STATE ATTORNEYS GENERAL AND THE SACB

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

Mr. ASHBROOK. Mr. Speaker, I have introduced a bill to strengthen the internal security of the United States by amending the Internal Security Act to provide the means by which the attorney general of a State or Commonwealth may, when he has reason to believe any organization is a Communist-action organization or a Communist-front organization, file with the Subversive Activities Control Board and serve upon such organization a petition for a determination by the Subversive Activities Control Board for a determination that the organization is either a Communist-action or a Communist-front organization.

It has been approximately 20 years since Congress passed the Internal Security Act and in that period of time the act would appear to have been utilized less then was envisioned by the framers of the legislation.

Law enforcement officers in many parts of the country are resourceful and dedicated in connection with duties vested in them by State law. My bill, H.R. 18204, will serve as a useful tool in our Federal-State concept of law enforcement and justice.

There exists in many of our large cites a branch of the police department whose duty it is to maintain surveillance over suspected subversive activity. I would surmise that the main power and effort supported by the taxpayers for local intelligence operation are considerable. It does appear to be a waste that those efforts cannot at this time be utilized in an appropriate Federal forum.

In the case of *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956) the Supreme Court reversed a State sedition conviction on ground that the Smith Act preempted that area. My bill would provide a method by which State officials concerned with subversive activity in their jurisdiction could secure a hearing before an independent board set up by the Congress as an independent quasijudicial agency with considerable expertise in this specialized field.

In the operation of this proposal, if enacted, I would contemplate that a screening process would be implemented which would assure that each and every request by the State Attorney General would receive initial study before hearings. The General Counsel of the Subversive Activities Control Board could conduct an executive session hearing to determine if merit exists in the request from the State and then certify it to the Chairman of the Board for appropriate action. While I would anticipate that no specious requests would be made, it is entirely consistent with our efforts to assure that all actions are completely justified to include this safeguard.

The text of the bill follows:

H.R. 18204

A bill to strengthen the internal security of the United States

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled that the Internal Security Act of 1950 (title 50 U.S.C.) is hereby amended by adding a new section as follows:

"(1) Immediately after the last word of section 13(a) the following new subsection 13(a)(1)—

" 'The Attorney General of a state or commonwealth shall have power to initiate cases before the Subversive Activities Control Board. This power of a state or commonwealth Attorney General shall be co-extensive with and shall be exercised in the same manner as, the similar power conferred upon the Attorney General of the United States by this Act. Proceedings before the Board, and with respect to Board action, upon a petition filed by the Attorney General of a state or commonwealth pursuant to the authority herein granted and the powers and duties of the Board with respect thereto, shall be the same in every respect as such proceedings upon, and the powers and duties of the Board with respect to, a similar petition filed by the Attorney General.' "

DOES THE AEC LIE? WELL—YES, NO, MAYBE, NOT QUITE

(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 the current issue of one of the newest magazines devoted to the foibles of the Federal Establishment—executive, legislative, and judicial—The Washington Monthly, there are two articles dealing with our Government's great sacred cow—the Atomic Energy Commission.

For one who has spent no fewer than 12 years trying to get the Congress to review and investigate the policies of the superagency—my current bill is House Joint Resolution 83—it is a considerable comfort to learn that the public and the news media are finally beginning to examine the workings of one of the Nation's most powerful yet nearly invisible agencies.

The tenor of the first article I bring to your attention, "Atomic Power Abuse: The AEC in Colorado" by Anthony Ripley, is found in one of the truest statements I have ever heard about the AEC. Mr. Ripley quotes a Boulder biochemist as saying:

> The AEC publicity doesn't tell outright lies, it tells that part of the truth which is favorable to the AEC and ignores the rest.

The article goes on to explain other "coverups" practiced by the AEC concerning the Rocky Flats facility, and the Rulison project blunders, and the cancer deaths of the uranium miners. Mr. Speaker, to think that an agency of the Federal Government can get away with this type of antipublic behavior is, I am afraid to admit, a terrible indictment of the inattention of the Congress to the nuclear genie we have allowed to roam unattended throughout the land.

Speaking of a dangerous situation such as at the Rocky Flats facility, I am reminded that the news media is still maintaining its "golden silence" on the explosion which occurred in May at the Enrico Fermi plant near Monroe, Mich., which I mentioned on the floor of the House on June 18.

The other article from the Washington Monthly I bring to your attention today is, "Atomic Power Abuse: The Marginal Nuclear Utilities," by Richard Karp. I do not need to review the article for you here, however, I would like to point out that had the Congress adopted my reso-

lution concerning an investigation of the civilian nuclear powerplant program any time during the last 12 years, we might not now have to be reading articles such as Mr. Karp's on the economics—or lack of same—of nuclear powerplants.

Mr. Speaker, there is of course a way for the public to be reassured about our nuclear program, but we in Congress will have to overcome our reluctance to take on the mighty bureaucracy represented by the Commission, the industry, and the Joint Committee, that is, the Atomic Establishment Complex. Perhaps we will now that the news media is beginning to show the warts on the heretofore shining visage of the AEC.

The two articles from the Washington Monthly follow and I recomend they be studied closely by all concerned Members of Congress:

ATOMIC POWER ABUSE: THE AEC IN COLORADO

(By Anthony Ripley)

They were stinging words that Colorado's Lieutenant Governor Mark Hogan aimed at the mighty and once-sacred Atomic Energy Commission. "The AEC has gone too far," Hogan said. "It's back is going to have to be broken." The agency's officials, he charged, "if they are not telling falsehoods, are talking in ways that are meant to deceive."

Such harshness is expected from political mavericks or sandwich-board fanatics. Mark Hogan is neither. He is a blue-eyed, handsome, organization Democrat—a careful, studied, ambitious politician. But Hogan's attack on the AEC is a measure of the rapidly rising doubt felt in Colorado about the benefits of the atom and about the operations of the federal agency whose power and expertise in this arcane field have in the past gone virtually unchallenged, and whose insistent claims about its own safety precautions have been generally accepted. The doubt and concern are intense enough, in fact, so that Hogan, running for governor this fall against popular incumbent Republican John A. Love, has felt secure in making atomic energy an issue in his campaign.

Agitation over the workings of the AEC is not confined to Colorado. Groups in other states across the country have been raising questions and voicing qualms about the agency, which was established in 1946 to bring atomic power under civilian control. Elsewhere, though, the major focus has been on the safety and environmental hazards posed by nuclear-powered generating plants. But the people of Colorado have a greater variety of nuclear worries.

Hogan's attack, for instance, was prompted by the publication of a report, drawn up by non-agency scientists, which revealed that the AEC's Rocky Flats plant, located on a high, windswept rise between Denver and Boulder, had leaked highly toxic plutonium oxide into the surrounding countryside. The fire-prone plant, which makes plutonium triggers for hydrogen bombs, is operated by Dow Chemical Company. Its plutonium oxide leak came on May 11, 1969, during one of the most costly industrial fires in the nation's history. The AEC and Dow at first denied there was any release of radioactivity but later were forced to admit it.

Also troubling people in Colorado are the effects of Project Rulison, an underground nuclear explosion set off last September under the western slope of the Rocky Mountains, near Grand Junction. Rulison was to be the first of several hundred underground shots in the same area aimed at freeing deposits of natural gas by cracking rock deep beneath the surface. The initial explosion cracked things above ground, too. By the beginning of May, over $76,000 had been paid in property damage claims from the tremors of the blast. The gas produced, tainted by radioactivity, will be burned off, releasing some radioactivity to the atmosphere. The exact amount involved and its danger is a matter of controversy.

In Grand Junction itself, the Colorado Department of Health is installing new radiation sampling equipment in private homes, offices, and businesses. Its purpose is to monitor radioactivity given off by the gray, sand-like wastes from uranium milling which builders, until the practice was stopped in 1966, used as fill under concrete slabs and basements. These wastes, called tailings, produce a radioactive gas that seeps through concrete. Radioactivity levels in some houses, with 24-hour-a-day exposure, are well beyond what is permitted for miners on an eight-hour shift in a uranium mine. Other tailings have washed into rivers, bringing radioactive pollution downstream. In all, there are about 15 million tons of such tailings piled around the area of the Colorado River basin.

Another radiation problem, the state's oldest, is the high death rate among uranium miners on the Colorado Plateau. Of 6,000 men who have mined uranium, health officials predict 600 to 1,100 will die of lung cancer by 1985. It is a tragic replay of the lung cancer deaths in Europe among miners who dug radioactive ores for Pierre and Marie Curie.

If the range of nuclear-related problems in Colorado is broader, however, the concern wider spread, and the furor correspondingly more vigorous than elsewhere in the country, the behavior of the AEC in all of this has been different merely in degree, not in kind, from what it has been in other states. The evasiveness, the absence of genuine consultation, the reluctance to accept responsibility, and, above all, the mistakes in judgment demonstrated by the agency may have been exacerbated by the scope of its activities, but with the constantly expanding use of atomic power, there is every indication that what has been happening in Colorado is a portent, not an aberration. The implications for the rest of the country are only too clear.

Some of the protest against the AEC in Colorado grew from the work of the Colorado Committee for Environmental Information, one of a number of non-profit information groups run by scientists across the nation. Dr. H. Peter Metzger, a Boulder biochemist, is president of the Committee. He believes the AEC record in the state has been "tragic." There is no way to argue or explain away, he says, the deaths of the miners, the plutonium leak, the property damage from Rulison, or radiation from the tailings piles. But the agency's officials have tried, and in soft pedalling their problems in the state they opened a substantial credibility gap. "AEC publicity doesn't tell outright lies," says Dr. Metzger. "It tells that part of the truth which is favorable to the AEC and ignores the rest. The AEC people simply create an incorrect impression in the mind of the listener and allow it to remain there. Only the technically sophisticated questioner can get the whole truth out of them. Let's face it. Congress has charged the AEC to promote atomic energy. We don't expect other promoters to tell the whole truth. Why should we expect it from the AEC?" And more than the credibility gap is involved. The agency, says Dr. Metzger, operates in secrecy, is self-policing, and controls its own information. "That," he adds, "is a recipe for corruption."

The Dow Rocky Flats plant incident justifies all Dr. Metzger's severity. Dow is proud of its industrial safety record. "There are," it point out, "only three industrial records which surpass the Rocky Flats mark," set seven years ago, of 2,122 consecutive days without a disabling injury. What the pamphlets don't mention is that plutonium is pyrophoric—spontaneously combustible—and that fires have been a constant trouble at the plant. The May 11 blaze created an additional and particularly pesky kind of trouble. "After some 18 years of relative obscurity," states a 1970 Plant Information Summary, "the Rocky Flats plant in 1969 was thrust into headlines across the nation."

The plant had been obscure by design: secret weapons work was being done there, which the management did not much like to talk about, any more than it had talked about the fires—almost all of them plutonium—which had preceded the big one, or more than it would talk about those that were to follow it. The leap to national attention was not immediate, however. There were reports about the May 11 fire in the local newspapers, but not until several months had passed and some interesting Congressional testimony was released did the fire make page one headlines. Then it was revealed that nine days after the blaze Defense Department and AEC weapons experts had gone to Congress for a $45 million emergency appropriation. The fire, they said, had entirely halted United States nuclear warhead production (Rocky Flats is one of eight interlocking plants manufacturing the warheads).

None of the first official utterances on the subject of the fire indicated the true extent of the damage or gave any hint that there had been contamination of the surrounding area. On this latter point there was, in fact, outright denial. Less than a month after the blaze occurred, Lloyd M. Joshel, Dow's general manager at the plant, issued a statement declaring that "there was no radioactive plume of smoke and there was no other type of release of radioactivity to the atmosphere or the environment." As things developed, it was an unfortunate limb to climb out on.

A November report from the AEC investigating team found evidence of "slight exterior contamination" on the roofs of two buildings although it stated that "there is no evidence that plutonium was carried beyond the plant boundaries." But this, too, it turned out, was less than the truth. On January 13, a team of investigators for the Environmental Information Committee, headed by former West Pointer Dr. Edward A. Martell, sent a report to Glenn T. Seaborg, chairman of the AEC. It was this report which provoked Lieutenant Governor Hogan's outburst: it relayed the discovery of substantial amounts of plutonium in soil samples taken at distances up to four miles from the plant. Dow and the AEC, the Martell group contended, had used insensitive monitoring equipment and thus had missed the plutonium releases, or had failed to follow up on the possibility that danger might exist. For shortly after the Martell report, an AEC paper entitled "Safety Consideration in the Operations of the Rocky Flats Plutonium Plant" conceded that "smoke from the fire was seen at various times to have drifted off at a low angle to the south." The AEC finally admitted that the fire had indeed released some radiation beyond the plant boundaries. But in contrast to the Martell group, which charged that the releases were extensive enough to "pose a serious threat to the health and safety of the people of Denver," the agency insisted that the amount was not "significant."

There is general agreement, in which the AEC concurs, that plutonium is terribly dangerous if inhaled—it can, among other things, produce lung cancer. Since its half-life is over 24,000 years, the pollution it brings about is essentially permanent. On the other hand, there is some scientific debate about what constitutes a "safe" level of inhaled plutonium, and the AEC is evidently reluctant to act too hastily. Though the Martell report dwelt on the questionable wisdom of having a major plutonium plant 16 miles from downtown Denver, no such doubts seemed to beset the agency. Rather than

moving the fire-prone plant, the AEC was, at the time of the report, busily engaged in repairing it and had started construction on a new $75 million production building.

On May 2, the Rocky Flat plant held its first family day in 19 years, to counteract some of the bad publicity.

Project Rulison was a different sort of episode. On September 10, 1969 a 40-kiloton fission bomb was exploded 8,442 feet below the surface in a draw leading up to Battlement Mesa, about 45 miles east of Grand Junction. It was not a military test but one aimed at freeing underground supplies of natural gas. It was part of the AEC's Plowshare program, which tries to find useful civilian work for atomic bombs. The industrial co-sponsor was the Austral Oil Company of Houston with CER Geonuclear Corporation of Las Vegas hired as manager.

Before the explosion, much of the opposition centered on the danger that any gas produced by the underground shot might be radioactive. The aim of the test was to crack heavy rock formations which contain natural gas but which release it much too slowly for profitable commercial development. In other gas and oil fields the cracking is accomplished with hydraulic pressure or conventional explosives. Critics argued that with a nuclear explosion, the gas produced would chemically combine with a form of radioactive hydrogen, called tritium, and become radioactive itself. Other tritium, in the form of water vapor, is released in small quantities. In addition, a quantity of krypton 85, a non-mixing radioactive gas, would be thrown off.

AEC officials said the radioactivity involved would be extremely small. The underground cavity created by the blast, they said, would trap most of the solid radioactive elements, which would mix with the melted rock and form a glass at the bottom of the cavity. Other critical radioactive elements such as iodine 131 decay quickly, and contamination could be avoided by keeping the well shut for six months. The officials pointed to Project Gasbuggy, a 26-kiloton explosion which had been set off in a gas-bearing rock formation near Farmington, New Mexico: the radioactive releases there, they said, had been well within AEC safety limits. In addition, gas drawn off the Gasbuggy well and flared (burned) gradually appeared to flush out its radioactivity as the flaring continued.

Opponents of Rulison included the American Civil Liberties Union, which led a series of court battles to try to have it barred, and various groups of Colorado conservationists and outdoorsmen. Uproar over the project was particularly fierce in Aspen, the ski resort 55 miles east of ground zero, where the city council voted 4–0 against the shot. A public relations panel of experts was sent in—"a traveling dog and pony show", AEC Test Manager Robert Thalgott called it after weathering about 40 such meetings and speeches in the state. Like all the others, the Aspen meeting was strictly for information; the shot was ready to go and would not be stopped. The men from AEC, Austral Oil, CER Geonuclear, the U.S. Public Health Service, and the U.S. Geological Survey concentrated their arguments on their past safety record (at the time, the AEC had more than 450 atomic explosions behind it) and the caution with which the event was being approached. The largely gray-haired, pipe-smoking group tried a friendly, smiling, easy approach, as men of vast experience. "Do me a favor and stop smiling," an Aspen resident told AEC public relations man David Miller, who brought an angry chorus later when he suggested a generation gap was behind the protests. A middle-aged woman said, "You're playing God with generations yet unborn." Thalgott said that if an atom from the explosion fell on anyone in Aspen, they wouldn't know it and it wouldn't hurt them.

Because of the uproar, Rulison promoters were particularly pleased when the test went off successfully. At first, reports showed "minimal" ground motion. A hailstorm broke over ground zero about an hour after the shot, just as the promoters were gathering in the aluminum trailers at the control point, two-and-a-half miles away. Hailstones rattled off the metal roofs with a roar as Thalgott and the others raised plastic foam cups of domestic champagne and shouted congratulations to each other over the din. The celebration was a bit premature.

The AEC had predicted "no significant damage" from ground motion. The area chosen for the blast had been thoroughly researched by geologists: "A literature search for Colorado earthquakes of magnitude greater than 3 was performed by the Environmental Science Services Administration, U.S. Coast and Geodetic Survey," the Rulison Effects Evaluation Report noted before the explosion, "and of the 300 earthquakes identified, none had epicenters within 50 miles of the Rulison site. This lack of seismic activity further reduces the probability of detectable aftershocks from Rulison."

But predictions did not hold. Geological Engineer David M. Evans of the Colorado School of Mines said the school's Cecil H. Green Seismic Observatory recorded tremors and earthquakes for 17 days following the explosion. Two days after the blast, he reported, a natural earthquake recorded at 3.5 on the Richter scale. During the 17 days there were two magnitude 4 earthquakes and several in the 3.5 range, along with a number of other smaller tremors, all in a 50-mile radius around the blast sites. Clearly, he said, the area was "geologically adjusting" to the explosion.

Anxiety about radioactive contamination faded temporarily from the forefront in the clamor over property damages caused by the blast. In a sense, though, the new complications served to intensify the original uneasiness. Unexpected earth movement was only a minor error in the calculations. But the crumbling chimneys and cracked plaster cast shadows over the safety of the entire project. If the AEC had been wrong on that score, reasoned the critics, what basis was there for trusting their other assurances? And the wrangling involved in the settlement of the claims created bitterness and anger on the part of many independent-minded farmers and ranchers.

The questions about radiation from Rulison are still largely unanswered. In contrast to the case at Rocky Flats, however, there seems to be a possibility that the AEC may have to come to grips with them more satisfactorily before proceeding with business as usual. The decision of Denver's Federal District Court to permit the shot does not apply to the 200-odd additional explosions of which it was slated to be the forerunner, and in the next inevitable round of court tests the opposition's ammunition is bound to be more formidable than before.

No such optimism is warranted in the matter of the uranium tailings, chiefly because it is too late to wipe out the damage already done. But if the AEC cannot be faulted for failing to take appropriate action now, its initial contribution to the problem provides perhaps the most dramatic example of its lack of foresight and responsibility. The nine uranium mills (out of 17 in the Colorado River Basin) which have left the huge piles of leftovers from the ore-grinding process around the state were established in direct response to the agency's needs. Only two of the mills remain open, but the hazards produced by the early carelessness will if anything become more grave as the years go on.

Uranium is always found with its "daughter" products—the new elements formed as it gives off radiation and decays. Thorium 230 and radium 226 are some of these daughters. Radium, in its turn, decays and gives off radon gas, which decays still further into polonium and radioactive forms of bismuth and lead. All of these elements are found in the tailings. And breathing radon daughters has been acknowledged since the turn of the century as a prime cause of lung cancer, notably among miners.

At the Old West town of Durango, two piles totaling 1.7 million tons sit on rock ledges over the Amimas River. They are just across the river from downtown and from the picturesque narrow gauge railroad that hauls tourists up the mountains to the old mining town of Silverton. Before the Foote Mineral Company was forced to grow grass on the pile, the dusty tailings used to blow, when the wind was right, directly over the downtown section. Some tailings also slid from their precipitous location and almost made it into the river. Others were washed down by rains. A Federal Water Pollution Control Agency study in 1966 reported dissolved radium concentrations immediately downstream from the mill were about four times above permissible levels. Twice as much as the permissible level was measured 30 miles downstream, while near-maximum levels were found 60 miles away.

The AEC, noting that it is not charged with the supervision of tailings, has taken only an occasional interest in the problem. It likes to emphasize the brighter side, preferring to quote from another section of the same 1966 water pollution study. The part it uses states: "There is currently no significant immediate hazard associated with uranium milling activities anywhere in the Colorado River Valley." The quotation is taken from a section in the report called "Background." But the preface makes clear that significant immediate hazard was not the subject of the report: "The FWPCA wishes to emphasize that it is not especially concerned regarding immediate hazards from abandoned uranium mill tailings. Rather, the Administration is concerned with the potential problems that appear to be associated with the tailings because of their extremely long-lived radioactivity." It recommends "interim" measures covering the next 10 to 20 years.

But the piles are a long-time proposition. Radium 226 has a half-life of 1,620 years, thorium 230, 80,000 years, and lead 210, 22 years. Plans of an appalling long range will have to be drawn up. At the insistence of Colorado health officials, most of the piles have now been covered, and new pollution to the rivers is within acceptable limits. But as far as radon gas is concerned, covering the piles with grass is roughly comparable to wrapping an onion in gauze.

In Grand Junction the tailings situation is even more complex and troublesome. For 15 years, until the practice was stopped in 1966, builders removed tailings from the American Metal Climax, Inc., uranium-vanadium mill. Now shut down, the mill gave tailings away free, and builders used them for fill under homes, offices, business, and public buildings. The tailings, spread eight to 12 inches thick, give off radon gas. The gas itself has a half-life of only 3.8 days, but that is enough time for it to seep through the concrete before producing its radioactive daughters, which remain suspended and can be inhaled. At least 3,000 buildings put up during a 15-year period are believed to have tailings under them. Of 345 identified buildings tested, about 150 have shown advanced readings, according to Robert D. Siek, of the Colorado Department of Health.

The highest reading in a Grand Junction building has been 1.8 working levels, 180 times above a recommended level of 0.01. This reading was based on a preliminary, or "grab" sample—a quick technique which is often inaccurate and usually too low. More complex sampling equipment is being installed in a number of buildings to test the full effect of radioactivity. The Colorado Bureau of Mines attempts to keep mine work-

ing areas below 1 working level. Between 1 and 2 working levels, fans are required to ventilate the mine shafts. At 2 working levels, the area is cleared of all workmen. This eight-hour occupational exposure five days a week compares to a 24-hour-a-day exposure seven days a week in a private home.

Clearly, if the early "grab" sample readings begin to prove out, there will have to be some evacuation of buildings in Grand Junction. There has been none thus far. The situation is especially critical in school buildings and homes with young children, who are more susceptible to radiation-induced cancers than adults. For the most part, however, symptoms do not show up for 20 or 25 years. There is no "significant immediate hazard," so the city, though a trace worried, mostly ignores the problem for now. And the AEC has done nothing to alert it to the full extent of the danger or to discourage attitudes like that of Barclay Jameson, news director of the Grand Junction *Sentinel*, who complained in a March 8 article that the radon scare story "seems to be whipping up more frenzied excitement the further you get from Grand Junction. . . . ABC came up with a report that left the viewers with the impression that Grand Junction was turning into a ghost town. . . . That last bit drove me into the fit of temper I often end up in when dealing with the provincial jackasses back east. . . ." It was a good-natured article, kidding outside reporters who sat smoking at his desk and asking questions about radon. "I should think that they personally would be a lot more worried about getting zapped by those cigarettes they are smoking than by the sand underneath a concrete slab in a burg out west."

A related area in which the AEC has shown a bizarre and frightening casualness is the mortality rate among miners carving out the ore for its needs. The figures on cancer deaths from radon daughters go back to the turn of the century and the mines in Schneeberg, Austria, and Joachimsthal, Czechoslovakia. At Schneeberg, miners digging pitchblende for early radium experiments, had lung cancer rates 54 times those of the general population. At Joachimsthal, where permissible working levels were about half as high as at Schneeberg, the rate was 29 times that of the general population. Warned by such figures, the U.S. set still more stringent working levels, but they were only loosely applied. In several mines on Navajo Indian lands, for example, natural ventilation alone was used along with wet drilling to keep dust down. Naturally, radon daughter levels were reported alarmingly high. Not surprisingly, 170 miners have already died of lung cancer attributed to radon daughters, according to the U.S. Public Health Service, with an expected 600 to 1,100 more to come.

Here, too, the AEC prefers to look on the bright side. While stressing that it has no legal responsibility in the matter, the agency stated in a recent staff paper (written to rebut criticism by Dr. Metzger) that things seemed to be improving among miners. The paper then listed—incorrectly—figures compiled on cancer deaths. "We believe it is important to note that 12 new cases were reported by Dr. Geno Saccomanno, pathologist, St. Mary's Hospital, Grand Junction, Colorado, in 1967 [the actual number was 16], 11 in 1968 [again it was 16], and 10 in 1969 [this time it was nine]." The same paper took an encouraging view of the results of increased mine ventilation. Such enthusiasm, however, was hardly characteristic of a recent report to the Western Interstate Nuclear Board by E. L. Kaufman, radiological health supervisor for the state of New Mexico. Some mines in the state, he said, are moving 300,000 cubic feet of air per minute into a working area, compared with 20,000 cubic feet a few years ago, and the death rate still has not gone down. The massive ventilation has caused bizarre scenes of miners working in 35-mile-an-hour winds in temperatures of 50 degrees below zero with snow falling underground, he said.

The sensitivity of the radon issue was reflected by the Federal Radiation Council, a group of Presidential Cabinet officers with a technical staff which advises the President and the AEC on radiation safety. In December, 1968—those lame-duck days of an Administration when controversial subjects can be brought up with little political repercussion—the Council sent a memo to President Johnson which said in part: "We do not know at precisely what exposure level uranium miners may be exposed without significantly increasing the risk of lung cancer. But we do know that the mortality rates from the disease in the lower exposure categories are higher than the expected rate." The Department of Labor this year cut permissible exposure from 1 to 0.33 working levels. Such cuts drive up the cost of uranium mining, so delays have been granted while the Arthur D. Little Company studies the impact of the cut on the uranium industry. The $200,000 study is financed by the AEC.

This April, nearly a year after the Rocky Flats fire, an editorial in the *Town and Country Review*, a Boulder County weekly newspaper, stated: "Dow's policy or lack of policy in disseminating information has increased suspicion that they have something to hide . . . The public is no longer prepared to accept the "big brother attitude" on the dangers of plutonium pollution or anything else for that matter . . . At present the AEC seems to maintain that the public must prove a facility to be dangerous before any action is taken. The reverse should be true . . ." In the same month, Cal Queal, the environment editor of the Denver *Post*, wrote in his column: "The real story of Rulison has nothing to do with kilotons, cubic feet or microcuries . . . It's a story of people who are frightened and angry. It's a story of a triumph of modern press agentry. Sadly, it's the story of an outrage committed by the government against its own people."

Candidate Hogan is not yet completely comfortable with the politics of the whole thing. "It's still something of a lost cause at this point," he says. "I wish more people were concerned about it, and I hope it catches up by November." But, he adds, "I'm beginning to get the benefit of being an early prophet."

In any case, Coloradians may soon have some other atomic projects to worry about. The state is getting its own nuclear electric generator, which, having weathered a storm of early objections, is now under construction north of Denver. The Health Department's Robert Siek, who is chief of the radiological health division, has said that the gas-cooled, high-temperature reactor being built for the Public Service Company of Colorado will probably meet stringent new pollution standards. But the department, he says, is still looking with misgivings at a year-old proposal to build an atomic graveyard in the state to bury radioactive wastes. Such graveyards are similar to the tailings piles—they will be around for many generations to come.

Meanwhile, Dr. Martell, who worked on the plutonium study at Rocky Flats, tells visitors occasionally that he wonders if man was ever meant to dabble in the transuranium elements—those man-made elements like plutonium beyond uranium on the periodic chart. And other concerned people display bumper stickers reading: "Colorado, Playground of the AEC."

Atomic Power Abuse: The Marginal Nuclear Utilities

(By Richard Karp)

The Atomic Energy Commission is headed for increasing trouble on two fronts: environmental and economic. Over the past few years, the environmentalists' sallies against the agency have been slowly gaining ground, despite the AEC's contention that concern over thermal pollution is unnecessarily morbid ("thermal enrichment" is the agency term for waterways overheated by radioactive wastes), that fear of reactor explosions ("incidents") is unfounded, and that apprehension over the effects of radioactive smoke is somehow a mark of hypochondria (there is no evidence, the AEC says, that the smoke is harmful).

Now the AEC's balance sheets are beginning to look as bad as its radioactive emissions. The agency's efforts to develop nuclear-powered electricity have failed; utility companies, burned more than once by AEC nuclear reactors, are going back to conventional sources of electricity. But the agency—true to its mission as promoter of things radioactive—has responded by asking Congress for funds to launch another kind of reactor, the "fast breeder," that is technologically dubious and economically unsound—and extremely hazardous besides. The fast-breeder will not provide cheaper electricity; it will, however, contain the potential for accidental nuclear explosions that would dwarf any of the incidents that have taken place so far.

Such is the sorry state of the dream born in 1945, that atomic power could somehow be harnessed to provide us with virtually infinite amounts of electrical power. In 1946, Congress created the Atomic Energy Commission with unique authority to regulate, promote and operate atomic power—a virtual government monopoly over a potential industry. In the following few years the AEC devoted itself to one task—building atomic bombs for the Department of Defense. With the Cold War providing lots of business for the bomb-makers, the early enthusiasm for a civilian nuclear industry had all but disappeared.

By the early 1950's, however, the AEC realized that if it continued to make bombs only, it might eventually have to go out of business. The problem was expressed by one AEC Commissioner of the time, who queried, "How much can you improve a toothbrush?" The opportunity to go commercial came in 1953, when Eisenhower appointed Lewis Strauss chairman of the AEC. Strauss had been a partner in Kuhn, Loeb & Co., a Wall Street firm with heavy investments in utilities. He wanted to get utilities interested in nuclear power, and to do so he used a carrot and stick technique. Under a device called the "Access Permit Program," the AEC gave classified information to consortia of manufacturers, utilities, and scientists, in the hope that they would see industrial potential in the information. At the same time, an Industry Advisory Committee began to entice industry with promises of financial aid. The stick part of the strategem was a slightly veiled threat that if industry didn't invest in nuclear power, the AEC would use its unique powers to promote a government-owned atomic-powered utility business.

When, in December, 1953, President Eisenhower gave his famous "Atoms for Peace" speech before the United Nations, the AEC was ready to move ahead quickly with its civilian reactor program. But, in order to proceed, the AEC needed Congressional permission to allow private enterprise to build and own nuclear facilities. That permission came in the form of the Atomic Energy Act of 1954, which gave the AEC authority to grant licenses to manufacturers and utilities to build and operate nuclear reactors. The 1954 act expressly forbade the government to sell or distribute electricity for commercial use. If nuclear energy began to look good to the utilities, the law made it possible for them to get government money. If they didn't want nuclear industry, they did not have to fear government competition. In effect, private industry would to a great extent control the process of nuclear development. And for the next couple of years they sat on it.

PROMOTING ATOMIC LEMONS

By 1957 it was apparent to the AEC that utility companies were not interested in nuclear power. Part of the reason for their lack of interest was that no utility could get more than $60 million insurance for an atomic plant. The "Brookhaven Report" had estimated that damages resulting from an accident in a reactor could total $7 billion. In order to remove this obstacle to nuclear development, Congress passed what came to be known as the Price-Anderson Act. The act guaranteed to utility companies an additional $500 million of federal insurance. More importantly, the act limited liability for nuclear accident claims to $560 million and thus removed entirely that element of risk to the industry.

Though the road was now cleared of obstacles, it was still necessary to get profit-minded industry to invest in the dubious nuclear field. So the AEC began in the late Fifties its "Power Demonstration Program," a device for giving equipment manufacturers huge sums of money for "research and development" and enticing them to invest their own money in the hope of future monopolies in a lucrative market. To spark active interest on the part of the utilities, the AEC rushed to completion in 1958 the first commercial nuclear power station, at Shippingport, Pa. It turned out to be an economic failure, producing far too little electricity at a far from competitive price. The AEC has kept this model reactor in operation by pouring about $120 million in subsidies on top of the original investment.

Looking at the Shippingport lemon, the utilities again lost interest in nuclear power. But by that time, the early Sixties, nuclear power had become a vested interest. Manufacturers, who had been getting subsidies through the "Power Demonstration Program" had by now waxed enthusiastic and were investing significant amounts of their own funds. Companies like Westinghouse, General Electric, Babcock-Wilcox, and consortia such as Atomic International had sunk millions into reactor development. They could recover their portion of nuclear investments only by selling or leasing reactors to utility companies.

The nuclear contractors decided to take part in another AEC effort to get utilities interested in "going nuclear." The first step was taken in 1962 when the AEC issued a carefully worded report admitting that the reactors that had been built were economic duds. The trouble was that the reactors were too small to be economic; what is needed is a reactor 3 or 4 times the current size, said the AEC "Scaling-up" would do the trick. Manufacturers began high-pressuring utility companies to buy large reactors. To break the ice with the utilities and to win public acceptance of reactors as "good neighbors," the Consolidated Edison Company of New York City was persuaded to ask the AEC for a license to build a large reactor in Ravenswood, Queens, a section of New York about a mile from Times Square. The idea of a nuclear reactor going up in the middle of New York City raised such a public furor that the plans were aborted in 1963.

A safer strategy was taken by General Electric when in 1962 it offered New Jersey utilities a reactor so large that it would "overcome the unit cost" problem. It would be built at Oyster Creek, a desolate part of the New Jersey shore and be 2½ times as big as the biggest existing reactor. GE would do all the work of building and then for $68 million would turn over the key to Jersey Central Power and Light. Oyster Creek was hailed as the biggest breakthrough in nuclear development. While Oyster Creek was going up, manufacturers were out selling their reactors to utilities at less than cost, hoping to recoup their initial losses later when the whole country was expected to "go nuclear." The result was that, by 1965, nuclear industry experienced its first—and last—boom. The utility companies had begun to flood the AEC with requests for licenses.

The boom did not last long, and by 1968 it was over. As reports came in of successive breakdowns, unexpected costs and poor performance, nervous manufacturers began raising their prices to recoup their losses and even more nervous utilities began cancelling their orders. When environmentalists began to disclose 20 years of mismanagement and insufficient safety standards, the utilities grew even warier of nuclear investments. And when the Oyster Creek plant turned out to be an economic fiasco, they started a full retreat. The Oyster Creek experience was fairly typical of the utilities' repeated disappointment with the promise of nuclear power. Even with the federal subsidy to bring down the cost of the equipment, the utilities could not make a go of it because operating costs were too high—at Oyster Creek the costs ran double what had been predicted. One major factor in the high operating cost is that none of the reactors has been able to run at its promised capacity; some, after a decade, are running at less than half capacity.

Ironically, as the utilities were again deciding that nuclear power plants spell economic disaster, Senators George Aiken and Clinton Anderson set out to remove the nuclear business's government cushions. Last year they introduced a bill to "put the atomic power industry under the anti-trust laws just like other business enterprises." Aiken contends that it is high time the AEC acted under a 1954 provision requiring it to inform the President if it finds nuclear reactors to be of "practical value." Although the AEC has promoted nuclear reactors as a commercially competiitve power source, it has never issued a commercial license, the procedure that follows a finding of "practical value." Instead, the 16 operating reactors, the 48 under construction, and others which are only in the planning stage have each been issued a license under a medical therapy and research provision in the law. If the bill were to become law, the AEC and the nuclear industry would be faced with an embarrassing dilemma, since the 1954 Act expressly forbids the AEC to help finance reactors licensed under the "practical value" clause. By granting research licenses exclusively and by negotiating cost-plus contracts with a half-dozen of America's largest manufacturers, the AEC has paid for 60 to 70 per cent of the cost of reactor development. Oddly enough, despite the fact that all this has been done in the name of research, the Securities and Exchange Commission has authorized the utilities buying those reactors to issue stock on the basis that they are economically feasible.

The utilities moved quickly to disabuse Congress (and the stock market) of the notion that nuclear power could be profitable, and in so doing they contradicted 20 years of AEC optimism. At the November, 1969, hearings on the Aiken bill, the Joint Committee on Atomic Energy listened to Philip Sporn, retired president of the American Electric Power Company and an old-time advisor to the Joint Committee. Sporn said:

"During the past two years there has taken place a remarkable and ominous retrogression in the economics of our nuclear power technology. The lightwater moderated reactor [conventional kind], which two years ago offered potentials for nuclear power generation competitive with fossil fuel . . . has today lost position. . . ."

Regarding the failure of the Oyster Creek plant, Sporn contended that, if allowed to operate until 1980, the reactor would "constitute a burden on the national economy of $3.5 billion." So inefficient have reactors proven to be that "if something serious happened to the continuing supply . . . of coal and nuclear energy were called upon to pick up the burden . . . the nuclear industry would simply fall flat on its face." But, added Sporn, a drop in the supply of fossil fuel is not likely in the near future. Sporn concluded that the whole nuclear business "should be subject to soul-searching inquiry."

Indeed, "soul-searching" of a kind is just what the nuclear industry has been doing in the last couple of years. After an initial rush of orders for atomic reactors by utility companies that began in the mid-1960's and peaked in 1967, business has gone steadily downhill. As against a peak of 25,780 megawatts of nuclear power placed on order in 1967, orders declined in 1968 to 16,044 megawatts, and in 1969 to 7,190 megawatts. Moreover, in the last two years many utilities have decided to complete fossil-fuel power plants ahead of scheduled atomic units, and in some cases utilities have scrapped their plans to go nuclear altogether and are planning to resume building coal plants.

A number of reactor manufacturers have decided to pull out of the nuclear industry and cut their losses. One such case seems to point directly to the core of the trouble in the nuclear industry. Allis-Chalmers Company of Milwaukee recently announced that it was "phasing out" its AEC-backed nuclear reactor program after 20 years. The net result of the company's 20 years of research and development was the LaCrosse Reactor, which it recently sold to a power cooperative in Wisconsin. Carl Clamp, senior vice president of Allis-Chalmers, when asked in an interview if after 20 years Allis-Chalmers had developed a reactor that was economical, replied, "I don't know. You would have to ask the operating utility." How much federal money did Allis-Chalmers get in its 20 years of work for the AEC? "We don't give out that kind of information," said Clamp. The AEC takes a very dim view of Allis-Chalmers' recent decision. A. N. Tardiff, director of the AEC's Liquid Metal Fast Breeder Reactor Program, says, "Allis-Chalmers went out of [the nuclear power] business because they were doing lousy work."

The Aiken-Anderson bill is not the only current attack on the status quo at AEC. A number of other Senators have introduced measures calling for broad investigation of the civilian nuclear power program, and, under pressure from Senator Edmund S. Muskie, the Federal Radiation Council has agreed to review its radiation standards for the first time in a decade. Late last year, the state of Minnesota took the AEC and a local utility to court. The state had set radiation emission standards on a nearly-completed reactor that were just two per cent of the level permitted by the AEC. When the AEC insisted that it alone could set radiation standards, 15 other states joined Minnesota in the suit, which, since it raises the issue of states' rights, seems likely to go eventually to the Supreme Court. Most recently, the Administration proposal for the creation of a new federal environmental protection agency, with authority over radioactive pollution, would deprive the AEC of its present power to regulate the nuclear operations which it also promotes.

SCIENCE TO THE RESCUE

The dim prospects for conventional nuclear reactors place the AEC in a situation comparable to the mid-1950's, when the agency feared extinction. Unlike bomb production—the successful "toothbrush" of the last decade—conventional reactors face abandonment because of failure. Such abandonment would, of course, be unpalatable to the AEC; and therefore the search for a replacement has already begun. The AEC, remembering the source of its original business, looks to the scientists for salvation. And theoretical physics has provided what to the AEC is a new frontier of bureaucratic survival.

A quarter-century ago physicists discovered a function of nuclear fission which, if perfected, could have an impact on mankind as profoundly beneficial as the atomic bomb was destructive. What they had discovered was the technical possibility of "perpetual motion," embodied in the concept of the "fast breeding" nuclear reactor. The conventional reactors which have been developed and built over the years are able to use only 0.7 per cent of the uranium ore as fuel. That is, only that tiny fraction (U235) of uranium ore (mainly U238) which is naturally radioactive is utilized in reactors. On the other hand, a reactor using the "breeding" process could transform the bulk of uranium ore (U238) into the fissionable fuel plutonium 239. If such a reactor could produce or "breed" plutonium 239 at a rate greater than it uses up U235, it will have produced more fuel than it has used. According to a recent study by the RAND Corporation, "This (process) in effect increases the world's fuel reserves by almost a factor of 100."

It was just such a possibility that emboldened the early physicists to boast that they had found the "key to the universe." A more earthbound enthusiast of the early days simply promised the world that in the future "there would be no more need for electric meters." In actuality, very little has been done in the last 20 years to promote the development of the breeder reactor. The AEC, busy promoting conventional "light water" reactors, has done little to promote research into breeder technology. Of the $2.3 billion that the AEC has funneled into its Civilian Reactor Developemnt Program, only about $1 billion has gone into breeder research. Breeder development has, in the words of one AEC spokesman, "been very low-keyed."

And there are good reasons. One is that breeder reactors require a technology very much more difficult than that of the conventional reactors, one which nuclear physicists have never been able to master. An AEC spokesman concedes, "We are still unfamiliar with breeder technology." Another reason, closely connected with the technological problem, is that breeder reactors are potentially and inherently, very hazardous. A breeder reactor, if it could ever be made to work, would produce and utilize enormous quantities of plutonium 239. Plutonium is the stuff they make atomic bombs with—it is a man-made element, extremely active, and deadly toxic. The chain reaction of a bomb would actually take place in a breeder. A reactor-shattering explosion would release into the air enough plutonium to kill hundreds of thousands of people in the vicinity of the electric plant. Another fact that makes such a catastrophe all the more possible is that breeders use liquid sodium instead of water to transfer heat from the reactor core to the steam turbines. Liquid sodium is so volatile that it explodes upon contact with water.

The recognized hazards of breeders are such that Lewis Strauss, when he was chairman of the AEC, warned enthusiasts that breeders were "the most dangerous of reactors." This note of caution coming from one of the most tireless (to many, notorious) promoters of nuclear enregy is matched by another statement made 10 years later by an even more ardent devotee of atomic power. In 1965, Edward Teller, father of the hydrogen bomb, speaking about reactors in general, told an audience of potential investors in nuclear energy:

"In principle, nuclear reactors are dangerous. A gently seeping nuclear reactor can put its radioactive poison onto a few hundred square miles in a truly deadly fashion. In my mind, nuclear reactors do not belong on the surface of the earth. Nuclear reactors belong underground."

The few experiments conducted in the field of breeder reactors have not been very successful. Of the four tiny reactors that the AEC built to experiment with different aspects of the breeding process, one, known as the Experimental Breeder Reactor No. 1, went haywire and exploded. Luckily for the people in the surrounding Idaho towns, the explosion did not breach the reactor's outer containment walls. An AEC manual on the Breeder Reactor Program refers to this accident in a section called "Specific Highlights of the U.S. Fast Breeder Reactor Program"; "A partial core meltdown in EBR 1 during a transient experiment in 1956, with no serious effects outside the plant."

WHAT ALMOST HAPPENED

Far more frightening is what almost happened at the Enrico Fermi Fast Breeder Reactor. The Fermi reactor was the first, last, and only attempt to build a large-scale commercial breeder reactor for a power station. The Fermi reactor was the brainchild of a man named Walker Cisler, chief engineer of the Detroit Edison Company, and friend of Lewis Strauss. In 1956, Cisler organized the "non-profit" Power Reactor Development Corporation (PRDC), an association of 21 companies led by Detroit Edison. The PRDC asked the AEC for a license to construct and operate a 200 megawatt breeder reactor about 30 miles outside Detroit. The AEC's blue-ribbon Advisory Committee on Reactor Safeguards, composed of leading atomic scientists, advised against building the reactor. Strauss suppressed the report. When it leaked out, Senator Anderson, chairman of the Joint Committee on Atomic Energy, accused the AEC of "star chamber" proceedings, and another committee member, Congressman Chet Holifield, accused Strauss of "recklessness." Detroit's United Auto Workers union took a suit against the building of the reactor to the Supreme Court, which ruled in favor of the Fermi reactor.

Ignoring the turmoil, the AEC issued the PRDC a construction permit on August 4, 1956, with the promise that the government would buy all the plutonium 239 it produced at the inflated price of $40 a gram. Unlike the conventional light-water reactors, which were financed primarily by the AEC, the Fermi breeder would be built by the PRDC solely. As a result, the Michigan Public Service Commission allowed the PRDC to charge off its expenditures as a research and development undertaking.

Originally estimated at about $40 million, the Fermi plant cost $124 million to build. In August, 1966, during a 60-hour test run, the first electric power generated by nuclear energy from Fermi flowed through the Detroit Edison lines. After a shutdown for some minor repairs, another test run began on October 4. At 3:09 p.m. on October 5, high-radiation alarms sounded in the building housing the reactor. The chain reaction had gone out of control and the reactor had to be "scrammed," or shut down by emergency methods. The Fermi reactor has been shut down ever since.

Had Fermi's engineers not been able to "scram" the reactor in time, an explosion might have occurred, with catastrophic consequences. A study of the safety of the Fermi reactor, commissioned by the PRDC and conducted by the University of Michigan, estimated that 133,000 persons would be killed in an explosion like the one which almost occurred. The AEC discounts such an accident as being only "remotely possible."

WHAT WILL FERMI BREED?

What the AEC does not discount is the fact that this $120 million machine has produced $303,000 worth of electricity, and, in the words of a critic, "nary a gram of plutonium." Yet, despite Fermi's signal failure, the PRDC, minus 19 of its 21 members who have pulled out of the enterprise, is rushing to start the reactor up by this summer. There is little doubt that behind the rush is pressure from the Atomic Energy Commission, and with good reason.

Now before Congress is the AEC's FY 1971 appropriations bill, and it contains about $250 million for development of the breeder reactor, the first installment of a 20-year, $3 billion "Liquid Metal Fast Breeder Reactor Program." After 20 years of neglect, the AEC has suddenly decided to make "breeder developemnt" its priority goal, and at a cost equal to all previous civilian reactor development expenditures. Actually, according to critics of the AEC, the breeder program might cost more like $5 billion when it's over. Moreover, the breeder, providing it can ever be built, would have a cost-benefit ratio of between minus-10 and plus-10 per cent. That is, the most that can be hoped for is a 10 per cent return on the investment in the breeder.

The AEC hope for the investment in the breeder is a modest 7 per cent—quite a comedown from those days in which breeder power was going to eliminate the electric meter. And even that figure is a wishful one. The AEC assumes that it can develop the breeder technology. But the technology is not ready yet, and no one knows what operating problems it will entail. Applying the agency's own track record to its present forecasts would lead one to expect higher costs and much less electricity. The breeder is dubious on other grounds. For one thing, a 7 per cent return, in the unlikely event it materialized, is hardly enough to justify investment of tax money—compared to the private industry yardstick of 12 to 20 per cent. More important, fuel costs are shifting against the nuclear reactor. Uranium is getting more expensive, while the price of coal has been dropping; should the Administration decide to drop the quotas on oil imports, oil-fueled electric plants would be cheaper than nuclear ones.

What the AEC is proposing, then, is investment in a losing proposition that, as its chief side effect, will dot the nation with plants like Enrico Fermi at Detroit—each one of which will lessen the odds against a massive nuclear accident.

Against that impressive list of liabilities, what reason remains to build the fast breeder? Only that, after the failure of the conventional reactor, the fast breeder is the AEC's only hope for continuing its reactor operations. For 25 years, the agency, veiled in secrecy, protected by its Congressional committee, has been assuring the American people that nuclear power is both safe and inexpensive. And now those assurances are coming home to roost.

IRS AGENT DECIDES TO MAKE AS WELL AS ADMINISTER GUN CONTROL AID

(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, there has come to my attention a lengthy speech made by Harold A. Serr, Director of the Alcohol, Tobacco, and Firearms Division of the Internal Revenue Service, before a national conference of State liquor law administrators at Hot Springs, Ark., May 20, 1970. I found this speech an incredible performance for an official of the Government of the United States. Mr. Serr went to speak to liquor law administrators, no doubt at the expense of the taxpayers; he might have been expected by them and by the public to impart some information of value concerning the administration of liquor laws. Instead, he devoted 80 percent of his speech to a series of controversial and debatable arguments for stronger Federal controls

on firearms. While firearms do, in fact, come under the administrative office of this official, the subject was obviously irrelevant to the occasion. Nevertheless, he seized the occasion to express a series of opinions as to what the law on firearms should and should not be.

Here, I submit, is a serious breach of propriety, impinging on the legislative process, by an official of the executive branch. Mr. Serr is paid to administer the law, not to make or alter it. It is no part of his function, or the function of other like officials, to travel the countryside telling various audiences what laws the Congress should pass.

But the question goes beyond the overt action of one official. The statements made by this official were clearly at a policy level and presumably reflected not only his views but the views of others. The question is: What others? Who did the speaker consult prior to making this speech? With what higher officials was it cleared? Or if it was not cleared, why was it not cleared, in view of its evident policymaking content?

The Alcohol, Tobacco, and Firearms Division comes under the Internal Revenue Service. Was Mr. Randolph W. Thrower, the Commissioner of Internal Revenue, consulted in advance on this speech? Was the Deputy Commissioner of Internal Revenue, Mr. William Smith, consulted? Was Mr. K. Martin Worthy, the Chief Counsel of IRS, consulted? The Internal Revenue Service maintains a staff or corps of public relations experts, I understand. Were they consulted? Who was consulted?

I am informed that the Alcohol, Tobacco, and Firearms Division has increased its staff of field investigators from less than 300 to more than 600 to implement the 1968 Gun Control Act. In the budget for the next fiscal year, I understand that the Division requests an appropriation for 100 additional field investigators. Question: What are these men going to do? Administer and enforce the law, or go around making speeches demanding additional gun controls? Until the Internal Revenue Service can make a clear and full and satisfactory answer to the questions raised by the conduct of one of its officials, I, for one, shall feel compelled to oppose any expansion of the operation conducted by its Alcohol, Tobacco, and Firearms Divison.

PROTECTION OF THE RIGHT TO VOTE

(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, although the House has accepted the Senate amendments of the Voting Rights Act of 1965, extending the right to vote in Federal, State, and local elections to citizens 18 years of age, and that measure by the signature of the President has now become law, I thought it would be interesting for the record to show that the National Council of Senior Citizens unanimously, at its ninth annual convention on June 13, 1970, in Washington, endorsed the Senate amendments to the Voting Rights Act of 1965 and the amendment permitting citizens 18 years of age to vote in all Federal, State, and local elections.

Mr. Speaker, I include in the RECORD at this point a copy of this meaningful resolution by the National Council of Senior Citizens:

THE PTOTECTION OF THE RIGHT TO VOTE AND EXTENDING THAT RIGHT TO AGE 18

Whereas: The House of Representatives and the Senate have passed HR 4249 which extends the Voting Right Act of 1965—an Act that has been dramatically effective in extending the franchise to our fellow Black Americans in the south.

Whereas: This Voting Right Bill—HR 4249—was amended by the Senate to reduce the voting age to 18 and is currently waiting concurrence by the House in the Senate's action.

Whereas: The current generation of young Americans is the best educated group of 18- to 21-year-olds in the nation's history. Over 78 percent are high school graduates and more than 47 percent are enrolled in colleges and universities.

Whereas: The participation of young people in recent political campaigns speaks for their concern about political issues. Lowering the voting age would make their concerns more meaningful to politicians.

Whereas: Nearly one-half of American fatalities in Vietnam since 1961 have been young men between the ages of 18 and 21. A nation which allows its young people to bear the brunt of death in war should allow its young people to participate in the political processes which influence American foreign and military policy.

Whereas: The injustice of "taxation without representation" applies to the 20th century as it did to the 18th. Young adults between the ages of 18 and 21 pay heavily in income and property taxes but have no representation in the halls of government.

Whereas: The 10 million young Americans between the ages of 18 and 21 have been unfairly judged by the actions of a rebellious few. Stereotyping young Americans is as unjust as stereotyping minority groups.

Now therefore be it resolved, That this convention endorse extension of the 1965 Voting Rights Act as embodied in HR 4249.

Be it further resolved, That this convention endorse the granting of the right to vote to citizens at age 18 and urge that the House of Representatives concur in HR 4249 and the Senate amendment that allows all 18 year olds to vote in all elections beginning in 1971.

THE VIEW FROM MADDOX COUNTRY

(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, I am pleased to commend this article from the Nation of April 27, 1970, written by Reese Cleghorn, which I feel will be of interest to my colleagues, all of whom I know are interested in the Nation's continued commitment to achieve social equality. Mr. Cleghorn is a distinguished southern journalist. The article follows:

THE VIEW FROM MADDOX COUNTRY

(By Reese Cleghorn)

ATLANTA.—Some years ago, when I was sitting in a restaurant in Oxford, Miss., a plastic place where William Faulkner usually jerked out the juke box plug before dining, it occurred to me that at least some of the problems of mankind might be solved by a very simple plan. It was during one of the neap tides of integration crisis at the University of Mississippi, and the restaurant was filled with students. The pleasantries and *non sequiturs* of their conversations drifted over the booths; there was an appealing kind of soft inexactitude about it all, whether the subject was dormitory life or a misspent weekend. I had recently returned to the South after a period in New York, during which I had encountered City College students, head-on. What, I remember thinking, would happen if one could bundle up half the students of Ole Miss and deliver them to City College, to be replaced by a like number of City College students? It was, I thought at the time, a plan of such great potential benefit to all that it should be brought to the attention of the highest authorities in the land: perhaps even the chief federal marshal. The soft under-craniums of Oxford obviously needed the abrasiveness and intellectual effrontery, and of course the liberalism, of those Northern cousins; and clearly City College students could profit from any softening influence whatever.

Now I realize that, far ahead of my time, I was thinking about the biggest bussing scheme of them all, something neither Abraham Ribicoff nor George Wallace would tolerate for a moment. Besides, I am no longer at all sure that the plan has merit. Southern liberals have traditionally been "kept in their place" with apparent evidence that their models and superiors, the folks to be emulated and the ones whose respect ought to be earned, were of another breed: the men of the North. I now doubt my Ole Miss-City College plan because I am no longer sure that tough Eastern under-craniums produce anything better than soft Southern under-craniums. Maybe, in the spirit of the times, I am becoming a Southern ethnic.

As I look at school integration seven years later, I am aware that it is more than ever a subject whose appearance varies, depending upon where you sit. To be exact and not altogether frivolous: I sit in an old house on Peachtree Way in Atlanta. We are just around the corner from a handsome little white building of Corinthian grace, which was the national headquarters of the Ku Klux Klan in its glory days; now it is a Catholic rectory. I am a WASP; this is a kind of Catholic ghetto. Atlanta is a Southern city; it has a Jewish Mayor and a black Vice Mayor. Not many blocks from us is a new $5 million, neo-ante-bellum governor's mansion which would have done justice to Kwame Nkrumah in his palmiest days. It is inhabited by a man who, according to official Georgia protocol, is His Excellency—Gov. Lester G. Maddox. In my yard, an albino squirrel is at play; one white squirrel among the gray.

That is where I sit, not in the "rational" confines of a university or a court of law but surrounded by a Southern sea of work-a-day incredibilities, and they are visible. Most of the nation's people live amid absurdities and incredibilities and irrationalities at least as great, but they are not as visible. And so I am less startled than some people to see Senator Ribicoff and Senator Stennis arm in arm; Governor Maddox and Roy Innis pulling at the oars together; "militants" like Julius Hobson concurring with George Wallace, and Prof. Alexander Bickel of Yale advancing propositions very much like those advanced by the Great Constitutional Lawyers who used to be hired by Southern states to fight for the preservation of white supremacy. (They did not purport to be arguing against equality or against Negroes, but simply for "equal treatment for the South," for consideration of the wishes of the [white] people, for a realistic, nonemotional acceptance of the fact that integration would not work.)

My view is from "Maddox country." Some of the more obstreperous and enduring political segregationists on my particular turf

are immensely enjoying the thought that the Nixon Administration, despite recent protestations, is engaged in "craven retreat" (Leon Panetta's accurate words) and "benigan neglect" (Daniel P. Moynihan's words) in dealing with racial problems, now that the 1970 Congressional elections draw near. They may enjoy the spectacle even more in 1972, when George Wallace probably will sweep those Deep South Presidential votes which the "Southern strategy" is intended to capture. It does not occur to them that the Nixon Administration is simply trying "to be fair to the South" because it is now pretty well integrated. This does not occur to them because it is absurd and they are realist, if anything. They sit where I sit, in "Maddox country," and they know what is going on in the South.

They know and enjoy political scheming of the most craven variety. They know the Administration's descriptions (and most Southern Senators' descriptions) of the civil rights retreat are mere self-serving piffle. They do not believe the explanations fool even Connecticut Senators: the white supremacist spirit of the South is rising again, isn't it, and Senator Ribicoff would like to be elected Vice President or appointed to the Supreme Court, wouldn't he? So their reasoning goes. My Senator, Herman E. Talmadge, has just praised Senator Ribicoff as a courageous man.

That is the view from Maddox country. Our Governor's more savvy admirers are not deceived about what is going on politically and, really, neither is a single Southern liberal that I know, black or white. On home ground they, the same old crowd of white supremacists, and we, the same old crowd of hypocritical, bleeding-heart liberals, are familiar with the politics of the absurd (a state palace for Lester Maddox to live in) and the politics of the craven (a federal government trading the welfare of children for Republican Congressional candidates and electoral votes down South). It is not nearly as difficult to believe what the Nixon Administration is doing, when you view it from Maddox country, as it seems to be when seen from more civilized and less traumatized observation points. It is old stuff. Low profile or not, it is routine political venality.

The admirable efforts of Leon Panetta, while he was still with HEW, and others to enforce the civil rights laws (aren't those the real "strict constructionists"?) have been rebuffed. Now a Cabinet-level committee has been established to negotiate with the white supremacists of the South, with Vice President Agnew as chairman and a 1964 "Southern strategy" Goldwaterite, Robert Mardian, as staff director. The Supreme Court is being changed. It is now clear that Senator Ribicoff's move in assisting Senator Stennis' efforts to weaken the pressure for school desegregation in the South has had a falling-domino aftermath.

Professor Bickel's now celebrated *New Republic* article urging compromise with Southern white supremacists and black separatists—and that was the true thrust of it, whatever he now says—has established an intellectual fabric—squishy soft in its reasoning and erroneous in its facts about South and North, but respectable in its origins—which will be used for bad ends by many lesser men. From Maddox country it is also clear what a federal policy of "benign neglect" would mean: a repetition of the Compromise of 1877, so that "local control" in the form of the Maddoxes and Wallaces could survive. What we would get, in reality, would be benign neglect of the Constitution, as we had for a century after enactment of the Fourteenth Amendment. President Nixon's recent policy statement on school desegregation stressed that local boards frequently can handle these matters better than the federal government. The statement was, with a few exceptions, a declaration of nonleadership rather than of leadership at the federal level; and there is every evidence that the action will not match the words even on the matter of eliminating the deeply rooted results of almost a century of *de jure* segregation in the South. It was exactly this matter of trying to eliminate *de jure* segregation in the South that brought about the removal of Panetta, the surrender of Finch and the rise of Mardian.

There is even a new respectability for old arguments that Negroes are intellectually inferior: Dr. Arthur Jensen's conclusions on race and IQ might have received little notice five years ago, and none at all if they had come from the University of Mississippi; but they came by way of Berkeley and Harvard, and thus their susceptibility to misuse is greater—as is being demonstrateed by the white Citizens Councils (which, incidentally, have recovered from a decade of decline and are growing in strength).

Within the South, these national trends already are damaging the forces for progressive change. Gov. Linwood Holton of Virginia, Gov. Robert Scott of North Carolina, Gov. Robert McNair of South Carolina, Gov. Winthrop Rockefeller of Arkansas, had all strongly urged their publics to accomplish school desegregation in reasonable and orderly fashion; and until the national trend of recent weeks their positions were not fanning the old flames of resistance. Holton and Rockefeller (both Republicans elected with heavy black support, not by the segregationist "Southern strategy") move on as before, but Scott and McNair have had to hedge a bit to protect themselves politically. Perhaps more significantly, Gov. John McKeithen of Louisiana took for a time a more or less moderate position on race; now he is trying to outdo Wallace as an advocate of the neo-segregationist position. Wallace is claiming credit for moving the Administration, and Gov. Albert Brewer is forced once again to be a yes man to Wallace's position, even while running against him for another term. In Georgia, Maddox's style often offends the increasingly middle-class electorate, but his position on school desegregation has been strengthened; opponents no longer can argue that his posturing is ridiculous because the battle is over.

As if to assert that the nation may yet be converted to a Southern point of view—not the growing Southern viewpoint that integration is right and fair but the old view that was thought to be dying—Governor McKeithen recently put full-page ads in *The New York Times, Newsweek* and other publications. His pitch cynically lifted the thoughts, and even the words, of some Northern liberals and used them to justify the South's worst inclinations.

"Full Partnership," the ad's headline proclaimed, by which it meant that Louisiana wanted full partnership in the Union. Louisiana has attempted to obey the law, the ad said, and now all it asks is that it "be treated the same as any other state in the nation." Governor McKeithen, whose photograph accompanied the copy, even italicized these words: *"We believe in civil rights."* But if the Governor of Louisiana now believes in civil rights, he does not believe in federal efforts to secure them, and he cannot truthfully cite any substantial Louisiana state efforts to secure them in places where they are denied by strong white supremacist elements.

Not long ago one would have supposed, and probably Governor McKeithen would have supposed, that the nation would scorn such sophistry. But it is exactly the kind of sophistry that is emanating now from some of the country's most prominent newspaper columnists, intellectuals and liberal politicians. I suspect that the Governor's ads, paid for by "voluntary donations from thousands of Lousianans and their neighbors" (just which highway contractors and/or which oil companies operating in Louisiana?) have had some impact.

The worst part of the South has always benefited from an unwillingness on the part of civilized men to believe that anyone in America could be as politically craven as politicians frequently are in the South on matters of race. Simply to grant that a man like John Stennis is sincere when he says integration should come to the whole country is outrageous. But Stennis is being believed, so why not believe McKeithen, Wallace or Maddox when they say they believe in civil rights? It was a blessing that Maddox went to Washington, carrying ax handles and causing a scene, just as more dignified Southern spokesmen there were beginning to win their case on the Hill. Governor Maddox's mere presence with his ax handles showed people what it was all about.

Craven politics: The newspapers of Jackson, Miss., and Columbia, S.C., which now have unusually good White House contacts, were the first to report the forthcoming dismissal of Leon Panetta as HEW's chief civil rights enforcement officer. When Jack Nelson of the *Los Angeles Times* called the Republican chairmen of South Carolina, Alabama, Mississippi and Louisiana for comment on Panetta's dismissal, all four laughed. All said they had expected it.

For months the White House staff had been sending memoranda bearing Southern segregationist complaints to the offices of HEW Secretary Robert Finch and Panetta. Now we have confirmation that Paul Jones, who was Georgia's Republican chairman at the time, had even sent a message that if HEW would restore federal school funds for one recalcitrant Georgia school system, he was sure large party contributions from several donors could be obtained in return. The White House sent the message to Finch's office. The message was clear.

In February, a Georgia "freedom-of-choice" group (how ironic that term seems when it describes, as it usually does, those who would not have tolerated freedom of choice in the days of impregnable segregation) visited the White House to speak for its "neighborhood school concept." Harry Dent told them, according to an *Atlanta Constitution* report on February 20, that President Nixon intends to use the Agnew Cabinet-level committee to take command of the Administration's desegregation policies. "And Dent indicated that the President's policies would not make the Georgians unhappy." The group left the White House "reassured," a spokesman said.

So the battle cries of the segregationists are growing stronger, and with good reason. Roy Harris, an old-line Georgia white supremist and Citizens Councils leader, currently revels in the developments he can report in his weekly political newspaper, the *Augusta Courier*. In a recent issue he noted that Senator Ribicoff had exposed Northern hypocrisy; said white supremacists may win now because of Northern fears of bussing ("a new word on the tongues of nearly everybody); quoted Vermont Royster of *The Wall Street Journal*, who had written that "the attempt to integrate this country's schools is a tragic failure"; happily reported words from black "militants" Dan Watts and Julius Hobson that seemed to echo his own segregationist viewpoint; and quoted Professor Bickel's article at length. Addressing himself to his segregationist readers, Harris added: "Now, we shouldn't reach the conclusion that the fight is won."

The battle isn't over . . . All this means is that we are making some progress and that if we are willing to stand up and fight with sledge hammers instead of powder puffs we are obliged to win. . . . All of us who have been in the thick of the fight from 1954 until now have believed it would take from two to three generations to win this fight. We knew we couldn't win it by ourselves.

We have known all along that we had to have the help of the white people outside of the South.

There is no doubt that Harris and others of his viewpoint will verbally "fight with sledge hammers," and some, of course, will physically do it with ax handles, as they did recently in Lamar, S.C. Harris has been consistent. He always did say the fight would take a long time, but that it would be won when real integration began to come outside the South. And it is true that the Southern resistance has frequently outsmarted the federal effort which never truly has been very strong and consistent, precisely because the enforcers always thought the battle was about over, and the resistance always knew it was not.

What is happening now within the South is that Nixon's "Southern strategy" has rekindled all the dying fires. But it is not true, as Harris and Bickel both argue, that integration currently is imposible on a national scale and that, this being the case, it should not be pressed hard in the South. Bickel asked whether it is right to require a small, rural and relatively poor segment of the nation's population (the rural and small-town South, that is) to "submit" to a kind of schooling "that is disagreeable to them (for whatever reasons, more or less unworthy)." This argument revives the "invisible man." A large part of that small, rural and relatively poor area is black, does not feel that it is being forced to "submit," and usually has found nothing disagreeable about the fact that at last it has begun to make real progress toward school integration.

Yes, we are told, but the "vanguard" of black opinion in the nation is no longer interested in integration. Is Roy Innis "vanguard" and Julian Bond, who disagrees with Innis' kind of separatist position, not? Someone is putting us on. When Innis came to Atlanta recently, he conferred with Governor Maddox and reported the Governor's response to his separatist views on schools was "very heartening and encouraging." He did not consult with Bond, also a Georgia state official; Bond would not have heartened him. Vanguard?

Innumerable examples of successful school integration can be cited. One thinks of Greenville, S.C., where white students welcomed blacks with banners and decent local leadership made things work; or Jackson, Miss., where the school superintendent could report "extremely smooth" transition in a system 47 per cent black; or scores of others. The fact is that the number of places in the South where integration has been self-defeating, once it has arrived, is relatively small.

But these numerous examples are being ignored. Some are dismissed on grounds that they do not involve a high percentage of blacks or are in places where resistance was not strong. Aberdeen, Miss., is a small town with a high school that has been 50 per cent black since last September. There were no incidents when Aberdeen closed an all-black high school and fully integrated grades 10, 11 and 12. Very few whites departed. Despite the big educational lag of black high school students who had never been to a good school, education has proceeded at Aberdeen High School. Team teaching, individual instruction and a number of other devices have been used by a school administration determined to make integration work.

The brightest white students have not been penalized; they have benefited from the increase in individual attention, and apparently they are generally making faster progress than were their counterparts a year ago. The achievement levels of the black students, meanwhile, have been rising. (Remember the Coleman Report?) There have been no unusual disciplinary problems. A black student was elected president of the student body, with a majority, without a run-off against two white students. The athletic teams are fully integrated, and the school has taken pains to see that blacks and whites have shared alike in such hallowed endeavors as the selection of cheer leaders and homecoming queens and maids of honor. A lively student newspaper, far from being mousy about the biggest subject in the local high school, has done a complete job of reporting on the changes and on student and adult opinions about it all.

What is the real message of Aberdeen? It is not that the majority of the town's white people wanted school integration or that it was successfully achieved through some extraordinary assistance in funds and other aid from outside. The real message is that school administrators and officials, confronted finally with integration, and knowing they must make it work or have no public school system, have used all their considerable skills to make it effective.

What happens now to such conscientious people? Enemies of the change may scold them for moving along, questioning whether even in the face of a court order they had to make things go well. If they had stalled, or encouraged the private school, or discriminated within the building, or made life unpleasant for the new arrivals, maybe now the fight against integration could be won. Maybe Aberdeen could have gotten by with token integration. That is the local spin-off from the "Southern strategy."

Except for the spectacle of seeing one of the two national political parties openly playing race politics as Southern demagogues have played it (not the "nigger-nigger" and States'-rights Southern demagogues but their successors, who speak of belief in civil rights and disbelief in guidelines, or racial balance or federal force), the most disturbing aspect of the new national trend is the blithe adoption of Southern segregationist termniology and terms of discussion. Now we hear nationally, not just in "Maddox country," that the goal should be "quality education." That should always be the goal of education, of course; but now the term is used to oppose integration, as Southern demagogues have always used it.

Now we also hear that it is "time to end the civil war," as Geoffrey and Roscoe Drummond wrote in a recent newspaper column. By this is meant that the federal government should stop leaning hard on the South (if it ever did); and this in turn means it should stop leaning hard on white supremacists in the South. We now hear frequent references to school integration as "racial balance," a term which usually is altogether misleading because it describes a goal and a result hardly ever involved in plans abolishing the dual school systems of the South. And finally, bussing is now at the center of debate, although school integration in the South has steadily reduced bussing. What has happened to the terms of the national discussion? They, too, have been captured by the Southern neo-segregationists.

There is another dimension in this shifting of the terms of debate. It has to do with emphasis on "lowering our voices," to use President Nixon's term, at the moment when voices should be raised. People who raise their voices loudly against the politicizing of the school desegregation process—people who, like Panetta, rightly call it "craven retreat"—are now dismissed, even in some liberal quarters, as intemperate zealots. We are urged not to attribute the worst motives to the Nixon Administration, the nation racial situation being so delicate.

On the contrary, voices should be raised, loudly, *because* the racial situation is delicate and because this playing politics with children further widens the racial gap. It is no service to the country to counsel a quiet rationality that does not permit calling political opportunism exactly that and which is too refined to entertain the thought that Richard Nixon and Lester Maddox can operate with the same motivations.

All of these developments (the developments in the media and academic worlds may do more than the "Southern strategy" to reverse the nation's progress) suggest that the South is once again being cut adrift. And of course the white supremacist element—which is hardly ever called that now, although the country is quick to name black power when it appears—wants the South adrift. Then we can have "local control," "self-determination" and "neighborhood schools." Do Southern liberals have a right to expect those at the end of their life lines, those in places of power in Washington and New York and other cities outside the South, to continue to hold on?

I don't think white Southern liberals have any such right; with relatively few exceptions they have not been the real heroes or the real sufferers in the struggle. But black Southerners can claim that right. The nation still has not made good on the promissory note they hold. People in power, whether it be governmental, intellectual or communications power, ought to be garnished to make good. Those in places of influence who do not think so ought to be moved out of the way.

And I think they will be. In Maddox country it is clear that the struggle, as Roy Harris says, is not over. He is calling in his reinforcements. So should we. Behind those who are tired and discouraged and prone to tacitly accept the racist underpinnings of arguments made by John Stennis and Roy Innis, there are younger replacements, many of whom have been tempered in the Southern civil rights movement. They know that reconstruction sometimes must precede reconciliation, and that as long as John Stennis represents a million Mississippi blacks our concern must be mainly for them, not for him.

There seems to be good evidence that the current activism of college students, generally described as student radicalism, is progressing not mainly toward a major force of organized radicalism in America but toward a tough new reformism with *perspectives* that are, in the present milieu, radical. The student radicalism already has yielded perspectives of truth, but not yet a functional politics. On the other hand, liberalism is ineffectual today exactly to the extent that it lacks those radical perspectives. We have learned that, without them, liberals are capable of producing Vietnams and Chicagos, and the kind of reasoning process that now has shifted the terms of debate on the schools.

Liberals who lack a radical perspective—a perspective slicing through the nation's erroneous pretensions about itself, its institutions and the world, and comprehending that civics books are usually filled with facts that add up to lies about how government works—are incapable of dealing effectively with the main processes of public life in America. Let them be replaced by an influx of the new liberals (the label "liberal" perhaps will not be used): people who are not radically destructive but creative. If that happens the earlier liberalism, which for a time became our national orthodoxy, will not be followed by a middle American copout or a drug-culture dropout but by a liberalism that has been made functional again.

Mr. Nixon's "silent majority" did, after all, give him less than half the votes in the 1968 Presidential election, and this after eight years of Democratic rule and in the midst of one of the most unpopular wars in American history. What is there to prove that the nation, though it may have been ready for a pause, will long accept a retreat that is patent political opportunism? I may be wrong, viewing the scene through all the strange prisms of Maddox country, but even in the disarray of liberalism Spiro Agnew does not look like the wave of the future.

RESOLUTION OF THE KIWANIS CLUB OF FORT LAUDERDALE

(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, the fight against cancer should become one of the first priorities of our country. I have long spoken of the urgency of this problem. Since my years in the Senate, and while in the House, I have taken steps in the effort to obtain more funds for cancer research.

In 1937 I joined in the introduction of the resolution in the Senate setting up the first National Cancer Institute. In 1946 I attempted to get more funds for cancer research by introducing a resolution in the Senate to provide $100 million to enable the President to bring together the outstanding scientists of the world, knowledgeable in this area, at some place for sustained research on cancer.

This Congress, I have joined my colleagues in sponsoring legislation calling for the appropriation of $650 million annually for 10 years for the nationwide cancer program and for the construction of five new research institutes.

Several organizations are directing their efforts to see that the Federal Government assists in every possible way in finding the cause and cure of cancer. I am proud to place in the RECORD a resolution unanimously adopted by the Kiwanis Club of Fort Lauderdale on June 16, 1970:

RESOLUTION UNANIMOUSLY ADOPTED BY THE KIWANIS CLUB OF FORT LAUDERDALE ON JUNE 16, 1970

Whereas, Cancer strikes one out of four Americans and is a threat to the world and nation and in 1969 alone caused the death of 323,000 citizens, and

Whereas, a concerned group of Americans have formed the Citizens for the Cure of Cancer who are making every effort through petitions and other means to gain support for increased medical research and to effect a cure for Cancer, and

Whereas, the members of the Kiwanis Club of Ft. Lauderdale are in unanimous agreement with the goals of this group of citizens.

Therefore, we hereby resolve that this Club join with the Citizens for the Cure of Cancer and call upon all Kiwanis Clubs in the Florida District to do so, in making it our objective to convince our government and its people that we must make the commitment to a cure for Cancer a national priority.

GENE A. WHIDDON,
President, Kiwanis Club of Fort Lauderdale.

REPORT ON THE HOUSE PUBLIC WORKS COMMITTEE

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

Mr. JONES of Alabama. Mr. Speaker, in the summer 1970 issue of Water Spectrum, a publication of the U.S. Army Corps of Engineers, there appears an article entitled "Hearing in Session." The author is our esteemed colleague and chairman of the Committee on Public Works, the Honorable GEORGE H. FALLON of Maryland. It is an excellent account of how and why committees operate, with the accent on the Public Works Committee.

Throughout his 25-year career in the Congress, Chairman FALLON has been the leader in the concept of reasoned development—development which considers environmental values in relationship to public need.

I commend this to the Members:

HEARING IN SESSION

(By Hon. GEORGE H. FALLON)

I have often wondered exactly when the first committee was formed. Toying with the thought, I'm almost convinced that it probably came about when the wheel was invented and a group of bystanders appointed themselves the "wheel committee" to decide, by vote, which direction it should roll.

However it began, the direction of modern, democratic man has been guided by committee action with the committees becoming more numerous as community environment became more complex.

The heart of our congressional system is the committee. Each Congressman is, in essence, acting as the chairman of his constituent group when he votes on legislation. As an individual, his membership on the various congressional committees is of vital importance to the total legislative machinery.

In the House of Representatives, standing committees were structured in their present form by the Legislative Reorganization Act of 1946. Rule XI outlined the "Powers and Duties of Committees," and stated that: "All proposed legislation, messages, petitions, memorials and other matters relating to the subjects listed under the standing committees named below shall be referred to such committees, respectively." The specific area of responsibility for each standing committee is delineated and committee procedure is detailed.

Every committee chairman feels that his particular committee is just a little more important than the rest. I, too, have this feeling about the Public Works Committee. Not that within the total legislative context it is more important—yet its recommended actions affect every American either directly or indirectly.

Under the previously cited House Rule XI, the Committee on Public Works was given jurisdiction over the following areas:

Flood control and improvement of rivers and harbors.

Public works for the benefit of navigation, including bridges and dams.

Water power.

Oil and other pollution of navigable waters.

Public buildings and occupied or improved grounds of the United States generally.

Measures relating to the purchase of sites and construction of post offices, customhouses, Federal courthouses, and government buildings within the District of Columbia.

Measures relating to the Capitol Building and the Senate and House Office Buildings.

Measures relating to the construction or reconstruction, maintenance and care of the buildings and grounds of the Botanic Gardens, the Library of Congress and the Smithsonian Institution.

Public reservations and parks within the District of Columbia, including Rock Creek Park and the Zoological Park.

Measures relating to the construction or maintenance of roads and post roads.

The Committee on Public Works, which has 34 of the most competent and knowledgeable members of the Congress, and represents every section of the United States, is organized into a structure consisting of five standing subcommittees:

Rivers and Harbors, Flood Control, Roads, Public Buildings and Grounds, and Watershed Development; plus the Special Subcommittee on the Federal-Aid Highway Program (investigative), the Ad Hoc Subcommittee on Appalachian Regional Development, and the Special Subcommittee on Economic Development Programs.

The Public Works Committee is basically concerned with environment and development. In the minds of some people these two areas are diametrically opposed. We know, however, that development is necessary to provide the food, water, transportation and economic well-being necessary for our growing population. We take as our approach that *reasoned development* is essential—development which considers environmental values in relationship to public need.

The Committee's long history as a guardian of our environment is evidenced by its pioneering work in water pollution control. Prior to the Reorganization Act of 1946 there had been some legislation enacted in this general field—The Refuse Act of 1899, The Public Health Service Act of 1912 and The Oil Pollution Act of 1924. However, it was not until after the Committee on Public Works was established and considered the problem of water pollution control to be sufficiently serious for national attention that, in 1948, the first comprehensive measure aimed specifically at that problem was enacted. This landmark legislation was Public Law 80–845.

Public Law 80–845 essentially had a fivefold purpose:

1. Authorized the Surgeon General to assist in and encourage state studies and plans, interstate compacts, and creation of uniform state laws to control pollution.

2. Supported research.

3. Authorized the Department of Justice to bring suits to require an individual or firm to cease practices leading to pollution—suits could be brought only after notice and hearing, and only with the consent of the State.

4. Established the Federal Water Pollution Control Advisory Board.

5. Provided authorization for funding.

a. $22.5 million a year for Fiscal Years 1949–1953 for low interest (2 percent) loans for construction of sewage and waste treatment works. Loans limited to $250,000 or one-third the cost of the project.

b. $1 million a year for Fiscal Years 1949–1953 for grants to States for pollution studies.

c. $800,000 a year for Fiscal Years 1949–1953 for grants to aid in drafting construction plans for water pollution control projects.

Public Law 82–579, enacted in 1952 extended the provisions of the 1948 Act for an additional three years through Fiscal Years 1954–56.

The emergence of the national water pollution control program as a permanent program came about with the enactment of Public Law 84–660 in 1956. This Act, which was brought about by the efforts of the Public Works Committee, despite the vigorous opposition of the executive department, provided legislation of a comprehensive nature and permitted Federal participation in a wide variety of activities, including Federal-State cooperation in developing comprehensive programs, increased technical assistance, intensified and broadened research, provided $3 million a year in grants for Fiscal Years 1957–1961 to assist in the preparation of State plans for pollution control $500 million for grants to help local communities build sewage treatment plants for Fiscal Years 1957–1966, and modified and simplified enforcement measures for controlling pollution of interstate waters.

Without belaboring the point, an example of how far the Committee was moving forward almost unilaterally in the area of environment was evidenced by the fact that when President Dwight D. Eisenhower signed

this legislation on July 9, 1956, his comments of disapproval of the $500 million grant program were met by almost total silence by the public.

In the Budget Message in 1959, President Eisenhower urged the Congress to reduce, and, after 1960, eliminate the construction grant program. He argued that the responsibility for sewage treatment building costs should be returned to the States and localities altogether. However, this Committee refused to go along with that view and urged the Congress to increase the Federal participation to $100 million annually for ten years. Eventually H.R. 3610 passed the Congress providing for a $900 million grant program for the next 10-year period. Unfortunately, H.R. 3610 was vetoed by President Eisenhower and the attempt to override the veto on February 25, 1960, in the House of Representatives fell 22 votes short of the two-thirds majority needed. However, the vote of 249–157 to override the veto was encouraging to the Committee as a sign that the water pollution control program was finally obtaining national attention.

In 1961, the Nation was beginning to realize the need for an active and accelerated water pollution control program. After considerable hearings, the Public Works Committee recommended to the Congress H.R. 6441 and this eventually became enacted as Public Law 87–88.

The major provisions of that Act were as follows:

1. Vested administration of program in Secretary of Health, Education, and Welfare (previously Surgeon General).

2. Authorized grants to local communities for sewage treatment plants of:

a. $80 million in Fiscal Year 1962

b. $90 million in Fiscal Year 1963

c. $100 million in Fiscal Years 1964–1967.

3. Raised Federal contribution to 30 percent of total cost or $600,000 whichever was less (formerly 30 percent of $250,000).

4. Permitted Federal grants as high as $2.4 million where communities unite to build one project.

5. Authorized seven regional laboratories for research and demonstration in improved methods of sewage treatment and control.

6. Permitted the HEW Secretary, through the Justice Department, to bring court suits to require an offender to cease activities causing pollution in interstate waters without seeking permission of the State.

7. Extended pollution abatement procedures of the Act to navigable intrastate and coastal waters, but required permission of owners before Federal enforcement suit could be brought to stop activities in such waters. (Previously, abatement procedures applied only to interstate waters).

The water pollution control program as we know it today was put into the present shape by enactment of The Water Quality Act of 1965 and The Clean Waters Restoration Act of 1966.

Under the Water Quality Act of 1965, the States were given the initial opportunity of adopting by June 30, 1967, water quality standards for their interstate waters, and plans to implement and enforce the standards for approval by the Secretary of Interior as Federal standards. (The Reorganization Plan No. 2 which was effective May 10, 1966, transferred the Federal Water Pollution Control Administration, as well as most of the functions of the Secretary of HEW authorized by the Federal Water Pollution Control Acts, to the Secretary of the Interior.) If a State fails to adopt adequate criteria and plans, the Secretary is authorized to initiate Federal actions to establish standards.

The Water Quality Act of 1965 also provided for grants for research and development in better methods of controlling pollution from stormwater and combined sewer overflows and for increased amounts for constructing sewage treatment works ($150 million for Fiscal Year 1966 and 1967.)

The Clean Water Restoration Act of 1966 authorized a massive Federal participation in the construction of sewage treatment grants. The legislation authorized a total Federal expenditure of $3,550,000,000 during Fiscal Years 1967–1971. Unfortunately, despite the demonstrated need for such Federal expenditures, the appropriations for Fiscal Years 1967–1970 have been just a little over 50 percent of the authorized amounts.

By the time this article is published the Congress will no doubt have approved another major water pollution control bill which I had the privilege of authoring—H.R. 4148. This legislation has major provisions concerning oil pollution from vessels and on-shore and off-shore facilities, Federal permits and licenses, sewage pollution from vessels, and hazardous substances discharged into the waters of the United States. In addition, one of the most important provisions is the creation of the Office of Environmental Quality to furnish staff support for The Council of Environmental Quality established pursuant to Public Law 91–190. This staff will monitor the national Federal pollution control efforts and I am certain it will be in the forefront of our national effort to preserve our environment.

By discussing in such detail the history of the water pollution control program, I do not mean to disparage in any way the tremendous contribution to our environment that our developmental programs have made.

One of the outstanding accomplishments of the Committee was, of course, its action in moving forward the 1956 Federal-Aid Highway legislation which established the National System of Interstate and Defense Highways. This tremendous undertaking, the largest public works venture in the history of the world, is producing a modern access system for this Nation which is approached nowhere else on this earth. Presently designated at 42,500 miles, its ultimate cost will be in the neighborhood of $60 billion. The program is conducted by the States under the administration of the Secretary of the Department of Transportation. It presents an excellent example of State-Federal relationship at its best.

The regular Federal-Aid program of primary, secondary and urban roads, although dwarfed by the Interstate program, is an undertaking of major scope in its own right. Currently authorized at a rate of approximately one and a half billion dollars per year it is expected to expand drastically upon completion of the Interstate System in the late seventies. The Committee authorizes this program on a biennial basis and keeps close track of all activities and procedures involved in its progress.

The Federal-Aid Highway Acts since 1956 have included important provisions to protect and enhance our environment. The Federal-Aid Highway Act of 1968, for example, included a provision for the preservation of parklands. The Secretary of Transportation is forbidden to approve the use of pubicly owned parklands for highway projects unless there is "no feasible and prudent alternative," and if such lands must be used, all possible planning must be instituted to minimize harm to such lands. Section 24 of that Act requires the State highway departments before submitting proposals for highway locations, to consider the social effects, environmental impact, and consistency with the goals and objectives of urban planning promulgated by the community of such locations, in addition to consideration of the economic impact of such locations.

At the urging of this Committee, the Federal Highway Administration has undertaken numerous activities to assure the compatibility of the highway and its environment. I believe we ought to note a few of these efforts.

1. Environmental Development Division. Almost two years ago, an Environmental Development Division was created in the Bureau of Public Roads. It is a multidisciplinary group, staffed with architects, city planners, landscape architects, sociologists, economists, appraisers, engineers, and others. This division is concerned with the following elements.

a. Consideration of social, economic, and environmental factors, with special emphasis on those factors significant to a highway decision;

b. Optimum utilization of the joint development potential of a highway project and its environment, including multiple use of the highway right-of-way;

c. Use of multidisciplinary design groups as staff advisors to agencies and jurisdictions responsible for highway and community programs;

d. Use of intergovernmental policy groups in a comprehensive highway project planning process, to develop integrated and coordinated highway and environmental plans and programs; and

e. Use of citizen and unofficial groups as community and neighborhood advisors to agencies and jurisdictions responsible for highway and community programs.

2. Environmental Design Group. In order to better recognize and integrate economic, social and environmental factors, design concept teams were established. Major design concept team efforts are being made in such places as Baltimore, Chicago, Boston, New York, and Phoenix. A number of highway departments, additionally, have established an internal multidisciplinary staff capability involving the environmental design approach. The objective of all of these efforts is to make sure that adequate attention is given to preservation and enhancement of the quality of the environment, and related social and economic factors. Substantial dollar resources are involved.

3. Joint Development and Multiple Use. More than four years ago, the idea of joint development and multiple use was initiated. The objective of these programs is to make double and triple use of highway rights-of-way and highway dollars, establishing uses compatible and complementary to the transportation corridor. It also assists communities in the attainment of their other stated goals. It restores taxable property and provides services of all kinds to communities. Over 500 requests from almost every State and the District of Columbia for the permissive joint use of highway land for nonhighway purposes have been processed. This program alone offers fantastic opportunities for preserving and enhancing the community environment.

4. Metropolitan Development and Intergovernmental Review. Based upon a longtime tradition of intergovernmental cooperation, the Federal Highway Administration was one of the first to fully implement the Intergovernmental Cooperation Act of 1968 and its predecessor legislation. The objective is to conform highway projects with environmental and metropolitan development. Environmental elements are an important segment of these activities. This activity has been extended to non-metropolitan and rural areas as well.

5. Acquisition in Limited Vertical Dimension. In an increasing number of instances, the Federal Highway Administration is encouraging acquisitions in limited vertical dimension, either above or below a resource that is sought to be preserved. This could leave a park, open space, stream, wildlife area, battlefield, or similar resource intact.

The Committee on Public Works (and its predecessor Committees on Rivers and Harbors and Flood Control) has had jurisdiction over the civil works program of the Army Corps of Engineers since the earliest involvement in the development and maintenance of

the nation's waterways for navigation and related purposes in 1824.

As in the highway program, this Committee has insisted on consideration of environmental values in water resource development programs for many, many years. A healthy environment and natural beauty are values which require proper consideration in any action program for water resource development. The well-being of all of the people is the primary determinant in planning the best use of water and related land resources. The Committee has insisted that in preauthorization studies and subsequent preconstruction planning, full consideration be given to the impact of engineering works upon their habitat, and to measures for protection and improvement of environmental resources. Provision is required to be made for development of the recreation potential of water projects by construction and maintenance of facilities for recreational use of, and public access to, the water areas.

Under basic authorities originating from the Committee on Public Works, the Corps of Engineers is becoming increasingly involved in activities related to general environmental quality. Some examples are:

Measures for preservation and enhancement of fish and wildlife resources;

Land management practices for reforestation, soil erosion control, forest and watershed cover management, and other conservation practices to improve the environment and increase the value of such areas for conservation, recreation, and other beneficial uses;

Storage in reservoir projects for streamflow regulation and water quality control;

Consideration of various ecological, cultural, historical, and archaeological values;

Protection of existing recreation resources created by water resource development projects.

The comprehensive study of the Chesapeake Bay is one of the best current examples of the joint interest of the Committee on Public Works and the Corps of Engineers to understand and protect our environment. I had the privilege of introducing the legislation which became section 312 of the River and Harbor Act of 1965. The study, which is now estimated to cost $15 million, consists of a complete investigation and study of water utilization and control of the Chesapeake Bay Basin, including the waters of the Baltimore Harbor and including but not limited to navigation, fisheries, flood control, control of noxious weeds, water pollution control, water quality control, beach erosion, and recreation. A hydraulic model of the Chesapeake Bay Basin and associated technical center was authorized to be constructed, operated, and maintained in the State of Maryland for this purpose. The model and center are to be utilized by any department, agency, or instrumentality of the Federal Government, the States of Maryland, Virginia, and Pennsylvania in connection with any research investigation or study they conduct on any aspect of the Chesapeake Bay Basin.

Chesapeake Bay is the largest tidal inlet along the Atlantic coast and has a surface area of approximately 4,300 square miles and tidal shore line of about 4,600 miles. The Chesapeake Bay seafood industry supports the livelihood of about 20,000 persons. Approximately 150,000,000 tons annually of waterborne commerce moves out of the bay and its tributaries. The metropolitan areas of Baltimore, Washington, D.C., and Norfolk, Va., are located in the basin area; and, using the now obsolete census of 1960 as a basis, the population of the area at that time was about 5,500,000.

As I have previously noted, the Chesapeake Bay study is a comprehensive estuarine study, multi-disciplinary in scope, encompassing engineering and the physical, chemical, biological, and social sciences. The first year of the study, Fiscal Year 1967, was used in developing broad concepts and constraints for this study of unprecedented scope and magnitude. The second year was used for a more detailed evaluation of procedures for accomplishing the study, for interagency coordination, and for a public hearing at which the views of affected local interests were obtained.

Many urgent problems challenge the environment of Chesapeake Bay. Waste disposal is a pressing problem. The Baltimore-Washington urban complex had a population of approximately 3.8 million people in 1960, a number which is expected to double in 25 years. Little study has been done concerning the intricate relationship between exploding urbanization and the estuarine environment. The Washington area places 8 million pounds of phosphorous and 25 million pounds of nitrogen in the Potomac River annually. These quantities will double in 25 years. The Patuxent River receives the wastes of 78,000 people, and has lost 10 species of fish. The rapidly expanding rate of urbanization provides the additional threats of increased thermal loads and other very hard to manage compounds. There are numerous other threats including the destruction of wetlands, interbasin diversion of fresh water inflows, the invasion of noxious weeds, land and shore erosion, and silt inflows as a function of increased urban development, agricultural activity, and navigation projects.

The study, when completed, will project economic development within the bay area and the consequent resource demands. The final report will serve as a viable management guide to maintaining the environmental integrity of the Chesapeake Bay while encouraging beneficial resource use and enjoyment.

I have not attempted in this article to discuss the other major programs originated by the Committee on Public Works such as the small watershed program of the Department of Agriculture's Soil Conservation Service, the Tennessee Valley Authority, the St. Lawrence Seaway Development Corporation, the public buildings program of the General Services Administration, the Department of Transportation's Highway Safety Act of 1966, The Highway Beautification Program, or the economic development programs of the Appalachian Regional Commission, the six Economic Development Regional Commissions, and the Department of Commerce's Economic Development Administration. However, the mere enumeration of these programs discloses the fact that these are "people programs"—programs concerned with the well-being of people and their environment.

It is the policy of the Committee on Public Works to establish goals in the major areas of our responsibilities. We attempt to state these goals clearly in the authorizing legislation and in all cases we consider these objectives attainable.

Thus in the water pollution control program we state our goal as providing a supply of water of adequate quality for all beneficial purposes including public water supply, propagation of fish and aquatic life, recreational purposes, and agricultural and industrial uses. In the area of economic development we recognize the objective of enhancing the national economy by assisting areas of substantial and persistent unemployment and underemployment to achieve lasting economic improvement through the establishment of stable, diversified, and strengthened local economies.

However we state the goals of specific programs, the goals of all our programs may be briefly stated as providing for the development of necessary projects to accommodate our present and future population in harmony with our environment.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. SAYLOR (at the request of Mr. GERALD R. FORD), for today through July 13, on account of official business.

Mr. PRICE of Texas (at the request of Mr. GERALD R. FORD), for today, on account of official business.

Mr. PEPPER (at the request of Mr. ALBERT), from June 25 through June 29, on account of official business.

Mr. JARMAN (at the request of Mr. ALBERT), for today on account of death of father.

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. FISHER, for 30 minutes, today, to revise and extend his remarks and include extraneous material.

(The following Members (at the request of Mr. MCCLURE) to address the House and to revise and extend their remarks and include extraneous matter:)

Mr. HOGAN, for 5 minutes, today.

Mr. HALPERN, for 5 minutes, today.

Mr. MILLER of Ohio, for 5 minutes, today.

Mr. HECHLER of West Virginia, for 5 minutes, today.

Mr. CHAMBERLAIN, for 30 minutes, today.

(The following Members (at the request of Mr. DANIEL of Virginia) to address the House and to revise and extend their remarks and include extraneous matter:)

Mr. PURCELL, for 10 minutes, today.

Mr. HARRINGTON, for 30 minutes, on July 1.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ASPINALL in two instances, and to include extraneous material.

Mr. O'NEILL of Massachusetts in eight instances, and to include extraneous material.

Mr. EDMONDSON in three instances, and to include extraneous material.

Mr. MADDEN, in two instances, and to include extraneous matter.

Mr. WYLIE, to extend his remarks after those of Mr. GERALD R. FORD today on the President's veto.

Mr. MAHON, to revise and extend his remarks on the conference report on H.R. 17399 and to include extraneous material and tables.

Mrs. SULLIVAN following the vote on H.R. 17495 and to include extraneous matter.

Mr. RANDALL in two instances and to include extraneous matter.

Mr. MACDONALD of Massachusetts in two instances and to include extraneous matter.

(The following Members (at the request of Mr. MCCLURE) and to include extraneous matter.)

Mr. ROBISON.

Mr. DUNCAN in two instances.

Mr. BURTON of Utah in five instances.

Mr. ZWACH in two instances.

Mr. STAFFORD.

Mr. ARENDS in two instances.
Mr. FOREMAN in two instances.
Mr. JOHNSON of Pennsylvania.
Mr. SCHERLE in four instances.
Mr. HUNT.
Mrs. MAY.
Mr. LUKENS in two instances.
Mr. WYMAN in two instances.
Mr. MCDADE.
Mr. MIZE.
Mr. HOSMER in two instances.
Mr. MCCLURE in two instances.
Mr. REIFEL.
Mr. BRAY in three instances.
Mr. ASHBROOK in two instances.
Mr. LANGEN.
Mr. CHAMBERLAIN in two instances.
Mr. DELLENBACK.
Mr. PELLY in five instances.
Mr. BROCK in two instances.
Mr. ANDERSON of Illinois in three instances.
Mr. DERWINSKI in two instances.

The following Members (at the request of Mr. DANIEL) and to include extraneous material:

Mr. RARICK in two instances.
Mr. ABBITT.
Mr. TIERNAN.
Mr. ALBERT in two instances.
Mrs. GRIFFITHS.
Mr. WRIGHT in five instances.
Mr. PATMAN in two instances.
Mr. OLSEN.
Mr. DOWNING in two instances.
Mr. HOWARD.
Mr. MOSS.
Mr. PURCELL in two instances.
Mr. BENNETT of Florida in two instances.
Mr. ROYBAL in six instances.
Mr. WALDIE in three instances.
Mr. TUNNEY in two instances.
Mr. JACOBS in two instances.
Mr. O'HARA.
Mr. FOUNTAIN.
Mr. KLUCZYNSKI in two instances.
Mr. BINGHAM in two instances.
Mr. DANIEL of Virginia.
Mr. BLANTON in two instances.
Mr. MATSUNAGA.
Mr. DADDARIO in five instances.
Mr. BIAGGI in 10 instances.
Mr. COHELAN in three instances.
Mr. DORN in six instances.
Mr. DIGGS in two instances.
Mr. BROOKS in two instances.
Mr. CULVER.
Mr. CHAPPELL.
Mr. GRIFFIN.
Mr. RYAN in three instances.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a Joint Resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 17138. An act to amend the District of Columbia Police and Firemen's Salary Act of 1958 and the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes; and

H.J. Res. 1264. Joint resolution making continuing appropriations for the fiscal year 1971, and for other purposes.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

On June 24, 1970:

H.R. 16516. To authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

On June 25, 1970:

H.R. 17138. To amend the District of Columbia Police and Firemen's Salary Act of 1958 and the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes; and

H.J. Res. 1264. Making continuing appropriations for the fiscal year 1971, and for other purposes.

ADJOURNMENT

Mr. DANIEL of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 19 minutes p.m.), under its previous order, the House adjourned until Monday, June 29, 1970, 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:

2147. A letter from the Deputy Secretary of Defense, transmitting the fiscal year 1969 annual report and combined statement of income and expenditures of the American National Red Cross, pursuant to the provisions of 33 Stat. 599, as amended; to the Committee on Foreign Affairs.

2148. A letter from the Chairman, Indian Claims Commission, transmitting a report of the final judgment of the Commission on Docket No. 253, the Miami Tribe of Oklahoma, also known as the Miami Tribe et al., plaintiffs, Docket No. 131, Ira Sylvester Godfroy, William Allolla Godfroy, John A. Owens, on relation of The Miami Indian Tribe and Miami Tribe of Indiana, and each on behalf of others similarly situated and on behalf of the Miami Indian Tribe and various other bands and groups, of each of them, comprising the Miami Tribe and Nation, plaintiffs, and Docket No. 314–D, the Peoria Tribe of Indians of Oklahoma and Amos Robinson Skye on behalf of the WEA Nation, plaintiffs, versus the United States of America, defendant, pursuant to the provisions of the Indian Claims Commission Act, as amended; to the Committee on Interior and Insular Affairs.

2149. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting requesting the withdrawal of a case involving suspension of deportation now pending before Congress; to the Committee on the Judiciary.

2150. A letter from the Secretary of Transportation, transmitting the 1970 annual report on urban area traffic operations improvement programs, pursuant to the provisions of section 10 of the Federal-Aid Highway Act of 1968; to the Committee on Public Works.

2151. A letter from the Secretary of Transportation, transmitting the 1970 annual report on fringe parking facilities, pursuant to the provisions of section 11 of the Federal-Aid Highway Act of 1968; to the Committee on Public Works.

2152. A letter from the Secretary of Transportation, transmitting the 1970 annual report on highway relocation assistance, pursuant to the provisions of section 33 of the Federal-Aid Highway Act of 1968; to the Committee on Public Works.

2153. A letter from the Administrator of General Services, transmitting a prospectus for the revision of the post office and vehicle maintenance facility project authorized as Van Nuys, Calif., pursuant to the provisions of section 7(a) of the Public Buildings Act of 1959, as amended; to the Committee on Public Works.

RECEIVED FROM THE COMPTROLLER GENERAL

2154. A letter from the Comptroller General of the United States, transmitting a report of weak enforcement of Federal sanitation standards at meat plants by the Consumer and Marketing Service, Department of Agriculture; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DAWSON: Committee on Government Operations. A review of the inequitable monetary rate of exchange in Vietnam (Rept. No. 91–1228). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. U.S. economic assistance to transportation in Latin America (Rept. No. 91–1229). Referred to the Committee of the Whole House on the State of the Union.

Mr. HUNGATE: Committee on the Judiciary. S. 3564. An act to amend the Federal Youth Corrections Act (18 U.S.C. 5005 et seq.) to permit examiners to conduct interviews with youth offenders (Rept. No. 91–1239). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 17133. A bill to extend the provisions of title XIII of the Federal Aviation Act of 1958, as amended, relating to war risk insurance (Rept. No. 91–1240). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SMITH of New York: Committee on the Judiciary. S. 2427. An act for the relief of Cal C. Davis and Lyndon A. Dean (Rept. No. 91–1230). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 10150. A bill for the relief of certain individuals employed by the Department of the Air Force at Kelly Air Force Base, Tex.; with amendments (Rept. No. 91–1231). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 10704. A bill for the relief of Samuel R. Stephenson; with amendments (Rept. No. 91–1232). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 15272. A bill for the relief of David L. Kennison; with amendments

(Rept. No. 91–1233). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 15415. A bill for the relief of George F. Mills (Rept. No. 91–1234). Referred to the Committee of the Whole House.

Mr. SANDMAN: Committee on the Judiciary. H.R. 15478. A bill for the relief of Mrs. Fernande M. Allen Rept. No. 91–1235). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 17734. A bill for the relief of Sherman Webb and others; with amendments (Rept. No. 91–1236). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on Judiciary. House Resolution 108. Resolution 108. Referring H.R. 1390 to the Chief Commissioner of the Court of Claims; with an amendment (Rept. No. 91–1237). Referred to the Committee of the Whole House.

Mr. SMITH of New York: Committee on the Judiciary. H.R. 4982. A bill for the relief of Thomas J. Beck; with amendments (Rept. No. 91–1238). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROSENTHAL (for himself, Mrs. DWYER, Mr. HOLIFIELD, Mr. ERLENBORN, Mr. BLATNIK, Mr. BROWN of Ohio, Mr. JONES of Alabama, Mr. FINDLEY, Mr. DAWSON, Mr. REID of New York, Mr. BROOKS, Mr. HORTON, Mr. FOUNTAIN, Mr. WYDLER, Mr. GARMATZ, Mr. COWGER, Mr. MOSS, Mr. GUDE, Mr. FASCELL, Mr. MCCLOSKEY, Mr. REUSS, Mr. WEICKER, Mr. MONAGAN, Mr. MACDONALD of Massachusetts, and Mr. MOORHEAD):

H.R. 18214. A bill to establish an Office of Consumer Affairs in the Executive Office of the President and a Consumer Protection Agency in order to secure within the Federal Government effective protection and representation of the interests of consumers, and for other purposes; to the Committee on Government Operations.

By Mr. BUCHANAN:

H.R. 18215. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BURKE of Florida:

H.R. 18216. A bill to encourage the growth of international trade on a fair and equitable basis; to the Committee on Ways and Means.

By Mr. BURTON of Utah:

H.R. 18217. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. COUGHLIN:

H.R. 18218. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DENNIS (for himself, Mr. LANDGREBE, Mr. ZION, Mr. ROUDEBUSH, Mr. BRAY, Mr. MCCLORY, and Mr. HUTCHINSON):

H.R. 18219. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GERALD R. FORD:

H.R. 18220. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GOODLING (for himself, Mr. EDWARDS of Alabama, Mr. MCEWEN, Mr. ZWACH, Mr. JOHNSON of Pennsylvania, Mr. ESHLEMAN, Mr. MIZELL, Mrs. MAY and Mr. RUTH):

H.R. 18221. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KLEPPE:

H.R. 18222. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MACGREGOR:

H.R. 18223. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MORTON:

H.R. 18224. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. OBEY:

H.R. 18225. A bill to amend the Tariff Schedules of the United States with respect to the method of determining what articles fall within the additional import restrictions set forth in part 3 of the appendix of such schedules; to the Committee on Ways and Means.

By Mr. TEAGUE of California:

H.R. 18226. A bill to provide veterans residing 100 miles or more from Veterans' Administration facilities the option to receive hospital care in facilities other than Veterans' Administration facilities, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ULLMAN:

H.R. 18227. A bill to amend the act authorizing the establishment of the Nez Perce National Historical Park in the State of Idaho, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. VANDER JAGT:

H.R. 18228. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WYATT:

H.R. 18229. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDREWS of North Dakota:

H.R. 18230. A bill to amend the Interstate Commerce Act in order to provide for the rail transportation of freight for the Department of Defense in general purpose boxcars owned by the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. BARING:

H.R. 18231. A bill to preserve the domestic gold mining industry and to increase the domestic production of gold; to the Committee on Ways and Means.

By Mr. BROYHILL of North Carolina:

H.R. 18232. A bill to authorize the lease and transfer of Burley acreage allotments; to the Committee on Agriculture.

By Mr. HOGAN (for himself, Mr. NELSEN, and Mr. POLLOCK):

H.R. 18233. A bill to establish a national catastrophic illness insurance program under which the Federal Government, acting in cooperation with State insurance authorities and the private insurance industry, will reinsure and otherwise encourage the issuance of private health insurance policies which make adequate health protection available to all Americans at a reasonable cost; to the Committee on Interstate and Foreign Commerce.

By Mrs. MINK:

H.R. 18234. A bill to provide for the addition of certain property to Hawaii Volcanoes National Park in the State of Hawaii, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 18235. A bill to amend the Public Works and Economic Development Act of 1965 so as to include the Trust Territory of the Pacific Islands; to the Committee on Public Works.

By Mr. PATMAN (for himself, Mr. BARRETT, Mr. REUSS, Mr. ASHLEY, Mr. MOORHEAD, Mr. STEPHENS, Mr. HANNA, Mr. REES, Mr. HARRINGTON, Mr. WIDNALL, Mr. HALPERN, Mr. STANTON, Mr. MIZE, and Mr. BROWN of Michigan):

H.R. 18236. A bill to amend the Inter-American Development Bank Act to authorize the United States to participate in increases in the authorized capital stock and resources of the Fund for Special Operations of the Inter-American Development Bank, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROSENTHAL (for himself, Mrs. DWYER, Mr. ECKHARDT, Mr. RYAN, Mr. BURTON of California, Mr. EDWARDS of California, Mr. KASTENMEIER, Mr. FRASER, Mr. CONYERS, Mr. BROWN of California, and Mr. KOCH):

H.R. 18237. A bill to establish an Office of Consumer Affairs in the Executive Office of the President and a Consumer Protection Agency in order to secure within the Federal Government effective protection and representation of the interests of consumers, and for other purposes; to the Committee on Government Operations.

By Mr. RUPPE:

H.R. 18238. A bill to amend the Public Health Service Act to revise, extend, and improve the program established by title VI of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RYAN:

H.R. 18239. A bill to ban the manufacture and importation of leaded gasoline; to the Committee on Interstate and Foreign Commerce.

H.R. 18240. A bill to amend title 23 of the United States Code to authorize the inclusion of the cost of providing replacement housing as part of the construction costs of federally aided highway projects; to the Committee on Public Works.

By Mr. STANTON:

H.R. 18241. A bill to appropriate an additional amount to carry out section 102 of the Manpower Development and Training Act of 1962; to the Committee on Appropriations.

By Mr. TUNNEY:

H.R. 18242. A bill to amend the National Environmental Policy Act of 1969 to establish an Environmental Action Corps and an Environmental Legal Services Office under the direction of the Council on Environmental Quality, and to create the Office of Environmental Ombudsman; to the Committee on Merchant Marine and Fisheries.

By Mr. WOLFF:

H.R. 18243. A bill to establish a Commission on Security and Safety of Cargo; to the Committee on Interstate and Foreign Commerce.

By Mr. CORBETT:

H.J. Res. 1278. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men

and women; to the Committee on the Judiciary.

By Mr. PURCELL (for himself, Mrs. MAY, Mr. ANDERSON of Illinois, Mr. ANDREWS of North Dakota, Mr. BERRY, Mr. BROWN of Michigan, Mr. CABELL, Mr. CAMP, Mr. CLEVELAND, Mr. DELLENBACK, Mr. DENNEY, Mr. DULSKI, Mr. DUNCAN, Mr. FINDLEY, Mr. FOLEY, Mr. FRIEDEL, Mr. HALPERN, Mr. HANSEN of Idaho, Mr. HATHAWAY, Mr. HORTON, Mr. KLEPPE, Mr. KYL, Mr. LENNON, Mr. MANN, and Mr. MATSUNAGA):

H.J. Res. 1279. Joint resolution requesting the President of the United States to issue a proclamation calling for a "Day of Bread" and "Harvest Festival"; to the Committee on the Judiciary.

By Mr. PURCELL (for himself, Mrs. MAY, Mr. MCKNEALLY, Mr. MELCHER, Mr. MONTGOMERY, Mr. OLSEN, Mr. O'NEILL of Massachusetts, Mr. QUIE, Mr. REIFEL, Mr. ROONEY of Pennsylvania, Mr. SEBELIUS, Mr. TALCOTT, Mr. WIDNALL, and Mr. WINN):

H.J. Res. 1280. Joint resolution requesting the President of the United States to issue a proclamation calling for a "Day of Bread" and "Harvest Festival"; to the Committee on the Judiciary.

By Mr. REID of New York:

H. Con. Res. 667. Concurrent resolution to establish a joint congressional committee to carry out a study and investigation for the purpose of making recommendations for the solution of the problems of the Nation's railroads; to the Committee on Rules.

By Mr. TEAGUE of Texas:

H. Con. Res. 668. Concurrent resolution expressing the sense of Congress that no further troop withdrawals should take place until an agreement for the exchange of prisoners has been reached by the United States with representatives of the North Vietnamese and the Vietcong; to the Committee on Foreign Affairs.

By Mr. ALBERT:

H. Res. 1117. Resolution relating to the compensation of two positions created by House Resolution 543, 89th Congress; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO:

H.R. 18244. A bill for the relief of Stella Fenesia; to the Committee on the Judiciary.

By Mr. HARRINGTON:

H.R. 18245. A bill for the relief of Rocco D'Alessio, Lucia Di Biase D'Alessio, and Angelo D'Alessio; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

525. By the SPEAKER: Petition of George V. Gotschall, et al., Savanna, Ill., relative to Col. Charles R. Fish, commanding officer, Savanna Army Depot; to the Committee on Armed Services.

526. Also, petition of the Naha City Assembly, Okinawa, Ryukyu Islands, relative to the removal of poison gas weapons from Okinawa; to the Committee on Armed Services.

527. Also, petition of the Baltic-American Committee, Los Angeles, Calif., relative to the 30th anniversary of the Soviet occupation of Lithuania, Latvia, and Estonia; to the Committee on Foreign Affairs.

528. Also, petition of Eugene Lynch, Oakland, Calif., relative to redress of grievances to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

NEW YORK POST ENDORSES NATIONAL SERVICE ACT

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1970

Mr. BINGHAM. Mr. Speaker, in a June 16 editorial, the New York Post endorsed my proposal to create a National Service System to replace our present military draft—H.R. 18025. It applauds the recent Supreme Court draft decisions as a "major step toward reconciliation of the rules governing conscientious objection with the historic doctrine of separation of church and state" but also recognizes the difficulties in administering these decisions. I commend this editorial to my colleagues as a fine statement in support of the National Service System. The text of the editorial follows:

[From the New York Post, June 16, 1970]

CONSCIENCE AND THE SUPREME COURT

The Supreme Court has taken another major step toward reconciliation of the rules governing conscientious objection with the historic doctrine of separation of church and state. Its latest decision—an extension of a position first enunciated several years ago—declares more clearly than before that young men whose ethical opposition to violence is clearly demonstrated merit the same protection as those who invoke religious pacifism.

Admittedly the decision raises difficult questions of enforcement. It also leaves unresolved the question of the right to resist participation in a specific war, such as Vietnam. In the long run all those issues may be clarified only when we accept the proposition, embodied in legislation being pressed by Rep. Bingham (D-N.Y.), that youths be given a choice between military duty and constructive forms of national service. Until we adopt that program (or finally achieve a world in which armies cease to be necessary), there will be infinite complexity in sifting the true objector from the faker.

But that ambiguity has long existed. Some unconscientious young men may cynically use the new court decision as a shelter just as others have discovered refuge in religion after receiving induction notices. The acceptance of such risks differentiates a free society from tyranny.

THE PRESENT AGE, A THREAT TO OUR CONSTITUTION

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1970

Mr. O'NEILL of Massachusetts. Mr. Speaker, I would like to take this opportunity to call to the attention of my colleagues a fine speech by an outstanding graduate of Arlington Catholic High School in Massachusetts. Michael Gallagher is to be congratulated for the fine use he has made of his writing and speaking talents. He is the 1970 American Legion National Oratorical Champion, the Boston Catholic Youth Organization High School Boy Champion, and the Elks State 1970 oratory champion. Michael Gallagher's manner of expression and the thoughts he provokes are indeed exemplary of an alert and well-informed young citizen. He deserves much credit for his achievements as does Sister Silverius who is a coach of champions.

The speech that follows was the one for which Michael won the coveted American Legion National Oratorical championship. I had the pleasure of hearing Michael deliver this speech at a testimonial dinner for Mrs. Marie Howe, an outstanding Massachusetts State Legislator. Michael pointed out that legal and active participation by all citizens is necessary for the continuation and betterment of our democratic Republic. I commend the text of Michael Gallagher's speech to my colleagues. His words are worth reading and his thoughts deserve attention.

The speech follows:

THE PRESENT AGE, A THREAT TO OUR CONSTITUTION

In 1789, when Benjamin Franklin was leaving Independence Hall in Philadelphia, following the signing of the Constitution, a woman stopped him and asked, "What kind of government have you given us, Mr. Franklin?" To which Franklin replied, "A Republic, madam—if you can keep it!"

But Franklin said something more, something we could take to heart today. He added that the Constitution gave us a government high in positive powers, with its checks and balances to prevent misuse, but fundamentally, so much a government of the people that its ultimate character would be determined by the character of the people.

But is the character of the American people today a caricature of a "sick society", torn apart by violence, devisiveness and moral decay? Is our character becoming one of apathy and lethal indifference? Indeed my friends, it is hard to view events on the domestic scene without feeling that the present age is indeed a threat to our Constitution.

We have, in the tradition of this nation, a well tested framework of values, our Constitution, which puts into focus our duties, obligations and rights. Our problem is to be faithful to the values we profess, namely, those expressed in our Constitution; and it is a challenge for us to remember that the stature of America will only equal the measure of the American people themselves.

Often we hear the expression that "history repeats itself," and truly we can take lessons from the past. Last October, the NBC news media presented a two hour commentary on some events and trends of the sixties. Some of you may have seen it. In it, an array of newsmen recaptured a decade of hopes and heartbreaks. They reviewed our ten years of technological progress and problems that have thrust a full measure of blessings, and yes, even curses into our laps.