

HOUSE OF REPRESENTATIVES—Tuesday, December 1, 1970

The House met at 12 o'clock noon.

Rev. James A. Langley, executive secretary of the District of Columbia Baptist Convention, Washington, D.C., offered the following prayer:

Father, when uncounted thousands are swept to death by natural catastrophes, and hunger and pestilence blight human lives, when many live under tyranny, and hatred and violence stalk the earth, help us to brother our fellowman after the example of the Saviour of men.

On the threshold of Advent, we rejoice that Thou hast come into our world as one of us, sharing our pain, brokenness, and distress. God is with us. Therefore there is light and hope and assurance of peace.

May we also incarnate the Divine Spirit to bring freedom and wholeness to humanity. Guide us to use Thy resources to bless mankind in order that men may know the reality and love of God.

We pray in the Redeemer's name. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

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

H.R. 17867. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1971, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 17867) entitled "An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1971, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McGEE, Mr. ELLENDER, Mr. HOLLAND, Mr. MONTROYA, Mr. FONG, Mr. PEARSON, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 2193) entitled "An act to authorize the Secretary of Labor to set standards to assure safe and healthful working conditions for working men and women; to assist and encourage States to participate in efforts to assure such working conditions; to provide for research, information, education, and training in the field of occupational safety and health, and for other purposes," agrees to the conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WILLIAMS of New Jersey, Mr. YARBOROUGH, Mr. RANDOLPH, Mr. PELL, Mr. NELSON, Mr. MONDALE, Mr. EAGLETON, Mr.

CRANSTON, Mr. JAVITS, Mr. PROUTY, Mr. SAXBE, Mr. SCHWEIKER, and Mr. DOMINICK to be the conferees on the part of the Senate.

The message announced that the Vice President, pursuant to Public Law 70-770, appointed Mr. METCALF to the Migratory Bird Conservation Commission in lieu of Mr. TYDINGS, resigned.

ASYLUM—A TWO-WAY STREET

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

Mr. WYMAN. Mr. Speaker, how can we ever hope to be known as the land of the brave and the home of the free while cravenly returning to Communist brutality a human being who seeks asylum in America is beyond me. The incident involving Soviet Seaman Kruse reflects an apparent absence of instruction as to policy in such contingencies.

I say "apparent absence of instruction" because I am loath to believe that either our State Department or the Coast Guard would designate the return to living terror as standard operating procedure for persons who chose to risk their lives in preference for this country at the expense of home, family, and ethnic ties. The House Armed Services Committee should investigate and report to the House concerning the facts of this case without delay.

Asylum is a two-way street. If there are Soviet citizens who want to defect to the United States and are not Trojan horses in disguise, they should be received by us. If there are Americans who wish to defect to the Soviet Union we should say goodbye and good riddance.

In such instances in addition to automatic loss of U.S. citizenship there should be provided by law that the property of such former U.S. citizens that remain in the United States or is subject to its jurisdiction should be distributed as if they were dead—for dead they are, inside—and dead we are, if we fail to keep a beacon light flying in America for the Kruses of tomorrow.

PRIVATE CALENDAR

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

DR. ANTHONY S. MASTRIAN

The Clerk called the bill (H.R. 15760) for the relief of Dr. Anthony S. Mastrian.

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

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

There was no objection.

ATKINSON, HASERICK & CO., INC.

The Clerk called the bill (H.R. 10534) for the relief of Atkinson, Haserick & Co., Inc.

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

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

There was no objection.

CLAUDE G. HANSEN

The Clerk called the bill (H.R. 13807) for the relief of Claude G. Hansen.

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

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

There was no objection.

JOHN R. GOSNELL

The Clerk called the bill (H.R. 13469) for the relief of John R. Gosnell.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan (Mr. BROWN)?

There was no objection.

GEORGE F. MILLS

The Clerk called the bill (H.R. 15415) for the relief of George F. Mills.

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

The SPEAKER. Is there objection to the request of the gentleman from Missouri (Mr. HALL)?

There was no objection.

REFERENCE OF H.R. 1390 TO THE CHIEF COMMISSIONER OF THE COURT OF CLAIMS

The Clerk called House Resolution 108, referring H.R. 1390 to the Chief Commissioner of the Court of Claims.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan (Mr. BROWN)?

There was no objection.

THOMAS J. BECK

The Clerk called the bill (H.R. 4982) for the relief of Thomas J. Beck.

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

H.R. 4982

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to

Thomas J. Beck of Arlington, Virginia, the sum of \$734.96 in full settlement of all his claims against the United States for reimbursement of certain travel and relocation expenses incurred at the time of his transfer of duty stations in 1967 from Tuscaloosa, Alabama, to Washington, District of Columbia, while an employee of the United States Naval Air Systems Command.

Sec. 2. No part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with such claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

Page 1, line 6: Strike "\$734.96" and insert "\$479.96".

Page 1, line 11: After "Command" strike the period and add "and the said Thomas J. Beck is hereby relieved of all claims of the United States against him in connection with reimbursement for amounts advanced him for that travel."

Page 2, line 2: Strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

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

MARIA DE CONCEICAO BOTELHO PEREIRA

The Clerk read the bill (H.R. 12990) for the relief of Maria de Conceicao Botelho Pereira.

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

The SPEAKER. Is there objection to the request of the gentleman from Iowa (Mr. Gross)?

There was no objection.

DRAGO MIKLAUSIC

The Clerk called the bill (H.R. 1508) for the relief of Drago Miklausic.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

MATYAS HUNYADI

The Clerk called the bill (H.R. 3436) for the relief of Matyas Hunyadi.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

A. HUGHLETT MASON

The Clerk called the bill (H.R. 5017) for the relief of A. Hughlett Mason.

Mr. BROWN of Michigan. Mr. Speak-

er, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan (Mr. Brown)?

There was no objection.

ROGER STANLEY, AND THE SUCCESSOR PARTNERSHIP, ROGER STANLEY AND HAL IRWIN, DOING BUSINESS AS THE ROGER STANLEY ORCHESTRA

The Clerk called the bill (H.R. 5943) for the relief of Roger Stanley, and the successor partnership, Roger Stanley and Hal Irwin, doing business as the Roger Stanley Orchestra.

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

The SPEAKER. Is there objection to the request of the gentleman from Missouri (Mr. Hall)?

There was no objection.

CHARLES ZONARS

The Clerk called the bill (H.R. 7955) for the relief of Charles Zonars.

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

The SPEAKER. Is there objection to the request of the gentleman from Iowa (Mr. Gross)?

There was no objection.

DAVID Z. GLASSMAN

The Clerk called the bill (H.R. 13805) for the relief of David Z. Glassman.

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

H.R. 13805

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated the sum of \$178.80 to David Z. Glassman of Brooklyn, New York, in full settlement of his claims against the Government for excess social security contributions due to the fact that he was employed by two employers and made contributions to both the social security fund and to the Railroad Retirement Fund and his claim for refund was not filed in time due to misleading information received from the Railroad Retirement Board which led him to believe that the contributions withheld in this manner were correct. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

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

MARCOS ROJOS RODRIGUEZ

The Clerk called the bill (S. 1187) for the relief of Marcos Rojas Rodriguez.

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

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

There was no objection.

ARLINE LOADER AND MAURICE LOADER

The Clerk called the bill (S. 2514) for the relief of Arline Loader and Maurice Loader.

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

The SPEAKER. Is there objection to the request of the gentleman from Iowa (Mr. Gross)?

There was no objection.

FAVORING THE SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The Clerk called the concurrent resolution (S. Con. Res. 79) favoring the suspension of deportation of certain aliens.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the concurrent resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan (Mr. Brown)?

There was no objection.

MRS. ROSE THOMAS

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

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

PHILIP C. RILEY AND DONALD F. LANE

The Clerk called the bill (H.R. 11676) for the relief of Philip C. Riley and Donald F. Lane.

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

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

ROBERT L. STEVENSON

The Clerk called the bill (H.R. 15864) for the relief of Robert L. Stevenson.

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

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

MARION OWEN

The Clerk called the bill (H.R. 15865) for the relief of Marion Owen.

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

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

There was no objection.

WILLIAM E. CARROLL

The Clerk called the bill (H.R. 16276) for the relief of William E. Carroll.

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

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

There was no objection.

CARLO BIANCHI & CO., INC.

The Clerk called the bill (H.R. 17853) for the relief of Carlo Bianchi & Co., Inc.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

JAMES E. MILLER

The Clerk called the bill (S. 878) for the relief of James E. Miller.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

RUTH V. HAWLEY, MARVIN E. KRELL, ALAINE E. BENIC, AND GERALD L. THAYER

The Clerk called the bill (H.R. 14703) for the relief of Ruth V. Hawley, Marvin E. Krell, Alaine E. Benic, and Gerald L. Thayer.

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

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

There was no objection.

WARREN BEARCLOUD, PERRY PRETTY PAINT, AGATHA HORSE CHIEF HOUSE, MARIE PRETTY PAINT WALLACE, AND PERA PRETTY PAINT NOT AFRAID

The Clerk called the bill (H.R. 15805) for the relief of Warren Bearcloud, Perry Pretty Paint, Agatha Horse Chief House, Marie Pretty Paint Wallace, and Pera Pretty Paint Not Afraid.

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

H.R. 15805

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to War-

ren Bearcloud, Perry Pretty Paint, Agatha Horse Chief House, Marie Pretty Paint Wallace, and Pera Pretty Paint Not Afraid, of Hardin, Montana, the sum of \$34,598.62 representing the share, as heirs of Woman On The Top Of The Mountain, Crow allottee numbered 1087, of \$34,598.62 representing their share, as heirs of Woman were omitted from the estate of the said Woman On The Top Of The Mountain through error in the administration of her estate by the Office of the Examiner of Inheritance, Bureau of Indian Affairs, Department of the Interior, after her death intestate on April 27, 1948. Such sum shall be paid in equal shares to such persons and shall be in full satisfaction of any and all of the claims of such persons arising out of the administration of the estate of the said Woman On The Top Of The Mountain.

With the following committee amendments:

Page 1, line 6: After "Marie Pretty Paint Wallace," insert "Nancy Paint Littlelight."

Page 1, line 8: Strike "\$34,598.62" and insert "\$41,518.84".

Page 1, line 8: Strike "the" and insert "their".

Page 1, line 10: Strike "of \$34,598.62 representing their share, as heirs of Woman" and insert "of rents and proceeds from the sale of certain lands which".

Page 2, line 1: Strike "omitted" and insert "omitted".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Warren Bearcloud, Perry Pretty Paint, Agatha Horse Chief House, Marie Pretty Paint Wallace, Nancy Paint Littlelight, and Pera Pretty Paint Not Afraid."

A motion to reconsider was laid on the table.

IRENE SADOWSKA SULLIVAN

The Clerk called the bill (S. 1785) for the relief of Irene Sadowska Sullivan.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

SALE OF PASSENGER VESSEL "ATLANTIC"

The Clerk called the bill (H.R. 16498) to permit the sale of the passenger vessel "Atlantic" to an alien, and for other purposes.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

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

There was no objection.

The SPEAKER. That concludes the call of the Private Calendar.

RELIEF OF CAPT. JACKIE D. BURGESS

Mr. DONOHUE. Mr. Speaker, I ask unanimous consent to take from the

Speaker's desk the bill (H.R. 8470) for the relief of Capt. Jackie D. Burgess, with the Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 13, strike out "subscription" and insert "section".

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

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON H.R. 18515, DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS, 1971

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 18515), making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1971, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and appoints the following conferees: Messrs. FLOOD, NATCHER, SMITH of Iowa, HULL, CASEY, MAHON, MICHEL, SHRIVER, Mrs. REID of Illinois, and Mr. Bow.

RELATING TO COMPENSATION OF CLERKS TO OFFICIAL REPORTERS OF DEBATES

Mr. WAGGONNER. Mr. Speaker by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 91-1639) on the resolution (H. Res. 1241) relating to the compensation of the Clerks to the Official Reporters of Debates, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. Res 1241

Resolved, That (a) until otherwise provided by law and effective the first day of the month which begins on or after the date of adoption of this resolution, the rate of basic compensation of—

(1) the clerk to the Official Reporters of Debates shall be \$6,160 per annum;

(2) the number one assistant clerk to the Official Reporters of Debates shall be \$4,505 per annum; and

(3) the number two assistant clerk to the Official Reporters of Debates shall be \$4,005 per annum.

(b) Until otherwise provided by law, such amounts as may be necessary to carry out subsection (a) of this resolution shall be paid out of the contingent fund of the House of Representatives.

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

Mr. WAGGONNER. I yield to the gentleman from Missouri (Mr. HALL).

Mr. HALL. Mr. Speaker, I appreciate the gentleman yielding. I wonder if some

statement is not in order as to the necessity, this late in the session, of this type of resolution? I would be particularly interested in knowing, Mr. Speaker, if this is—or is not—a continuation of the spiraling of the wage-price increase that we have all indulged in in the executive branch and the judicial branch and certainly here in these legislative halls, by some strange contrivance or arrangement, even without a vote; that could be directly construed as raising our own salaries. I would also inquire as to exactly what totals this involves.

For example, Mr. Speaker, I am advised that there are only three people involved and that they are among our most deserving, but that there is a peculiar statutory situation which requires that their positions and salaries be handled in this way.

My final question would be, why are they not included with the general pay raises that go on among the functionaries of this body?

Mr. WAGGONNER. Mr. Speaker, the gentleman is exactly right. A statement should be made which explains fully to the Members what is taking place here.

First of all, it is correct that a resolution is required for these men ever to achieve an adjustment in basic pay—and after the first of the year, we will depart because of what we have done in the Reorganization Act from reporting base salaries to a system wherein we deal only with gross salaries. There is a statutory provision that certain employees of the House must, to get pay raises which involve not just a raise, but a reclassification of their positions, which this truly, in effect, is, we must have the approval of the House. There are only a few of these employees who fall into this category, because the Committee on House Administration has the authority for a number of other employees in the various departments of the House to establish salaries and to place into effect pay raises or decreases—but we have not had anything of that sort for a while—if in their wisdom the Members decide that this should be done.

We are dealing in this particular instance, because of the statutory requirement, with the three clerks to the Reporters of Debates, the three men who sit at the front desk in the House Chamber and the men who really, as the gentleman has so aptly put it, do so much of the work. These are the men who put together the CONGRESSIONAL RECORD. They sit there day in and day out, and they have a very meticulous and tedious task. They do a very excellent job of it.

It was the feeling of the Committee on House Administration that the salaries paid these men, who do so much work, were not in line with the salaries paid a number of other employees in the House and that they were deserving of a reclassification. The reclassification calls for a dollar increase in total of \$5,103.10 per year for these three men. We found out that we have floor employees, so to speak, and others who were making far more money than these men who were doing a very delicate and

tedious job, and we simply thought these three men were deserving of a reclassification of their jobs, and it is necessary that the House approve it. That is the reason we present House Resolution 1241 for the approval of the House today.

Mr. HALL. Mr. Speaker, I appreciate the explanation by the distinguished gentleman from Louisiana.

Did it occur to the Committee on House Administration, which brings this resolution out as privileged, to reclassify all the other functionaries of the House down to the proper level, instead of raising these people up to a deserving relative level?

Mr. WAGGONNER. Yes. This was considered, but I believe the gentleman realizes the magnitude of such a task.

Mr. HALL. Mr. Speaker, I have one further inquiry of the distinguished ranking majority member of the Subcommittee on Accounts of the Committee on House Administration.

Do I correctly understand that not only will the gross salaries be shown, in connection with the reorganization bill of the Congress, but also that the statutory provision which finds them handled differently from all other employees will be changed on recommendation of the committee?

Mr. WAGGONNER. It is not my understanding that the method in the future of handling the salaries of these few people will be changed. I do not understand that at all. They will still be handled, unless Congress acts otherwise, as is presently the case and as is the situation today.

Mr. HALL. That, of course, would be on recommendation of the gentleman's committee, after studying the job descriptions and reclassification procedures and the relative salaries?

Mr. WAGGONNER. The gentleman is correct. It could be done.

Mr. HALL. I would certainly recommend in connection with the pay of the Congress and its employees, that we further consider equity among all of our employees when reorganized in the 92d Congress.

Mr. Speaker, I have on many occasions in the past objected to these spirals of increases among ourselves as well as our help. That fact is well known on this floor. I will not object at this particular time because of the equity involved and the Herculean service rendered by these people who, as the gentleman from Louisiana says have a tedious job, but one which they certainly execute well and with dedication.

I again thank the gentleman for his explanation.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL MEMBERS OF BOARD OF REGENTS OF SMITHSONIAN INSTITUTION

Mr. THOMPSON of New Jersey. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 14213) to amend sections 5580 and 5581 of the Revised Statutes to provide for additional members of the Board of

Regents of the Smithsonian Institution, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 9, strike out "and" where it appears the first time.

Page 1, line 9, strike out "Senate and" and insert "Senate."

Page 1, line 10, strike out "Representatives; together with" and insert "Representatives, and".

Page 2, line 2, strike out "Washington; and the" and insert "Washington, and".

Page 2, line 2, strike out "other".

Page 2, line 3, after "seven" insert "of whom".

Page 2, line 9, after "and" insert "the".

Page 2, lines 10 and 11, strike out "Senate and House of Representatives" and insert "Congress".

Page 2, after line 16, insert:

"(d) The second sentence of section 5582 of the Revised Statutes (20 U.S.C. 44) is amended to read as follows: 'The board shall also elect three of their own body as an executive committee, and shall fix the time for the regular meetings of the board: and, on application of any three of the regents to the secretary of the institution, it shall be his duty to appoint a special meeting of the Board of Regents, of which he shall give notice, by letter, to each of the members; and, at any meeting of the board, eight shall constitute a quorum to do business.'"

Amend the title so as to read: "An Act to amend sections 5580, 5581, and 5582 of the Revised Statutes to provide for additional members of the Board of Regents of the Smithsonian Institution and to increase the number of members constituting a quorum."

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

Mr. GROSS. Mr. Speaker, reserving the right to object, do I correctly understand that the Senate amendments are germane to the bill?

Mr. THOMPSON of New Jersey. Yes, they are, I will say to my friend from Iowa. In the House passage of the bill we would enlarge the citizen regents of the Smithsonian Institution by three. We overlooked increasing the size of the quorum of the regents. That is the Senate amendment.

Mr. GROSS. It is not the plan to put an individual by the name of Hirschorn—I cannot think of the first name—on the Board of Regents; is it?

Mr. THOMPSON of New Jersey. Not by this gentleman.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation.

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

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

THE PRESIDENT'S POPULARITY

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

Mr. BROWN of Ohio. Mr. Speaker, it has been easy for the second-guessers in

both parties to point to the recent elections and draw from them the conclusion that the President should not have joined in the political campaigns.

As it turns out, however, the people of America do not share this view.

The latest Gallup poll, taken after the election and released Sunday, discloses that the President's popularity remains virtually unchanged from mid-October at 57 percent.

Whatever other conclusions can be drawn from the results of the election, one that cannot be drawn is the canard that the President should not have campaigned.

The American people judge their leaders in a number of contexts and for a number of qualities. They have never rejected leadership, loyalty, or a man who fights for the things and people he believes in.

I believe Sunday's Gallup poll makes this perfectly clear.

GALLUP POLL CONFOUNDS PRESIDENT'S CRITICS

(Mrs. REID of Illinois asked and was given permission to address the House for 1 minute, to revise and extend her remarks and include extraneous matter.)

Mrs. REID of Illinois. Mr. Speaker, I would like to call the attention of my colleagues to the newest Gallup poll, which appeared in Sunday's Washington Post. I am sure it will confound the critics of the President and especially those who have been critical of his campaign efforts on behalf of Republicans.

The poll shows the President's popularity holding at a very steady 57 percent, down only one point from last October.

This, of course, is well within the margin for statistical error. It means that the American people saw nothing wrong with the President campaigning.

It means, in fact, that they continue to approve of his overall performance of his efforts to wind down the war and of the job he is doing in coping with inflation.

Mr. Speaker, without question, the new Gallup poll should give the President's unthinking critics pause for reflection.

PROVIDING FOR CONSIDERATION OF H.R. 19333, SECURITIES INVESTOR PROTECTION ACT OF 1970

Mr. O'NEILL of Massachusetts. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1266 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1266

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. 19333) to provide greater protection for customers of registered brokers and dealers and members of national securities exchanges. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate

and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

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

Mr. O'NEILL of Massachusetts. Mr. Speaker, House Resolution 1266 provides an open rule with 1 hour of general debate for consideration of H.R. 19333, Securities Investor Protection Act of 1970. The resolution also makes it in order to consider the committee substitute as an original bill for the purpose of amendment.

The purpose of H.R. 19333 is to provide protection for investors if the broker-dealer with whom they are doing business encounters financial troubles. The legislation mandates a general upgrading of financial responsibility requirements of brokers and dealers to eliminate, to the maximum extent possible, the risks which lead to customer loss.

A nonprofit, membership corporation—Securities Investor Protection Corporation—would be created which would not be an agency of the U.S. Government. Membership would consist of all brokers and dealers registered under section 15(b) of the Securities Exchange Act and all persons who are members of a national securities exchange, except that persons whose business as a broker or dealer consists exclusively of the distribution of mutual funds or variable annuities would not be included in membership. A seven-member Board of Directors would conduct the affairs of the Corporation.

Within 120 days after enactment of the bill, the Corporation would have a fund aggregating not less than \$75 million—\$10 million in cash and \$65 million in a confirmed line of credit from banks.

The sum of \$150 million, or more, would be set as the projected fund size.

After 3 years the fund may not include more than \$50 million in confirmed lines of credit from banks and, once the fund aggregates \$150 million, the Corporation would be obliged to phase out of the fund all confirmed lines of credit, and the Corporation would be required to endeavor to impose assessments in such a manner that the aggregate assessment payable by its members would be not less than one-fourth of 1 percent of aggregate gross revenues from the securities business. Assessments would be maintained at that level until the fund aggregates \$150 million in cash.

The Corporation would be authorized to borrow from private capital markets and up to \$1 billion indirectly from the U.S. Treasury.

If it is determined by the Corporation that any of its members has failed or is in danger of failing to meet its obligations to customers, or that one or more certain conditions exist, it would apply for a decree adjudicating that the member's customers are in need of protection. The conditions specified are: insolvency, or inability to meet obligations as they mature; the member has committed an act of bankruptcy; the member is subject to a proceeding in which a receiver, trustee, or liquidator has been appointed; the member is not in compliance with applicable requirements of law with respect to financial responsibilities of broker-dealers or hypothecation of customer securities; the member is unable to make such computations as may be necessary to establish compliance with financial responsibility or hypothecation rules.

After adjudication, a court-appointed trustee would carry out the liquidation, meeting the requirements set forth in the legislation.

Mr. Speaker, I urge the adoption of House Resolution 1266 in order that the legislation may be considered.

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

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

Mr. Speaker, I agree with the statement just made by my colleague, the gentleman from Massachusetts (Mr. O'Neill), and hasten to point out that the administration supports this bill. I wish to commend the committee for bringing it out.

The purpose of the bill is to provide financial protection to customers of broker-dealers in securities who incur financial difficulties. This is done by creating a fund to advance money to such customers during the process of liquidation and by generally providing for more stringent financial responsibility requirements for firms and dealers in the investment business generally.

Many, if not most, customers of investment dealers leave their funds and stocks in the hands of their broker as a matter of convenience. In such instances, although the funds or stocks are owned by the customers and must be immediately surrendered to them upon demand, the broker-dealer often uses such funds and stocks in the operation of his business. This is proper, but unfortunately, in some instances where the firm has run into financial difficulty and been forced into bankruptcy the customers either have to wait a long time to get their property returned to them or, in some cases have lost part or all of their assets left with their bankrupt broker-dealer.

The New York Stock Exchange has recognized this problem, and in 1964 set up a voluntary trust fund to protect customers of firms in financial trouble. However, recent problems in the industry, affecting a number of firms have depleted the fund. Only recently a major disaster was only narrowly averted when Good-

body & Co., the fifth largest investment house, had to close its doors. Some system of customer protection which will fully protect all customers is clearly necessary. The bill seeks to provide such a permanent protective system.

The bill will create, immediately, a reserve fund which will provide protection to customers of broker-dealers similar to the previous fund created by the Exchange but with several important additions. It will be mandatory and permanent and will continue to grow to a total of \$150,000,000.

The bill creates the Securities Investor Protection Corporation. Its membership would be all brokers and dealers registered under the Securities and Exchange Act. All members would be assessed by the Corporation immediately to create a \$10,000,000 cash fund. At the same time and on a temporary basis a line of credit would be established in the amount of \$65,000,000, thus creating a \$75,000,000 reserve fund for customer protection.

Assessments of all member brokers and dealers would be based on one-half of 1 percent of such members business in 1969. Assessments would continue on an annual basis until a cash reserve fund of \$150,000,000 is achieved, at which time all credit lines would be phased out. If at any future time, the reserve fund fell below \$150,000,000 in cash, assessments would be made to restore the fund to that level. In order to fully protect the public, the Securities and Exchange Commission may require a larger reserve cash fund, and further assessments, if in the judgment of the Commission it is necessary. It will also be possible for the Corporation to borrow from the U.S. Treasury, up to \$1,000,000,000, if the Securities and Exchange determined such action was necessary to protect customers.

The purpose of the reserve fund is to reimburse customers of financially troubled brokers and dealers. Whenever the Securities Investor Protection Corporation determines that one of its members is, or is about to become bankrupt, insolvent, or otherwise unable to meet its financial responsibilities, it will seek a court order bringing the provisions of the bill into effect. A court-appointed trustee would be appointed and the Corporation would advance him sums from its reserve fund which the trustee would use to pay the claims of customers, up to \$50,000 per customer. Subject to this limitation each customer would receive 100 percent of what he is entitled to. Customers would receive their money as rapidly as possible as a first order of business.

The trustee, at the same time, would handle the liquidation of the bankrupt investment firm.

The Securities Investor Corporation would be governed by a seven-member Board of Directors chosen as follows: two members by the New York Stock Exchange, one by the American Stock Exchange, one by joint action of the several other stock exchanges, one by the National Association of Securities Dealers, and two, who shall represent the public interest, by the President. If the

Corporation shall borrow any funds from the U.S. Treasury, the President shall be entitled to appoint two additional members who shall serve as long as the loan is outstanding. Members will serve 4-year terms and shall elect the Chairman from among themselves for a 1-year term.

The bill gives to the Securities and Exchange Commission continuing oversight and rulemaking authority over the affairs of the Corporation to insure that the public interest is served.

The bill is supported by the administration as evidenced by letters from the Securities and Exchange Commission and the Treasury Department. There are no minority views.

Mr. O'NEILL of Massachusetts. 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.

CONFERENCE REPORT ON S. 2224, INVESTMENT COMPANY AMENDMENTS ACT OF 1970

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the bill (S. 2224) to amend the Investment Company Act of 1940 and the Investment Advisers Act of 1940 to define the equitable standards governing relationships between investment companies and their investment advisers and principal underwriters, 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 pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Nov. 25, 1970.)

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

Mr. Speaker, in September of this year the House passed H.R. 17333, a bill to amend the Investment Company Act of 1940, and then substituted its provisions for the Senate passed bill, S. 2224.

The conference report which is before us today contains the recommendations of the conferees to resolve the differences between those two measures. While there are a number of differences between the versions, the principal areas of difference are the following:

The Senate bill would have modified the existing exemption for oil and gas funds in the Investment Company Act, and this modification would have resulted in the inclusion of many existing oil and gas funds in the regulatory pattern of the act. Because of representations made by the industry involved and the Securities and Exchange Commission, the House determined not to make any change in the existing exemption but to call upon industry representatives and

the SEC to recommend a new statutory pattern to provide investors with the needed protections in this area. It is our understanding that the SEC and industry representatives have already begun working toward that end. Accordingly, the conference substitute does not make a change in the existing exemption, and it is the expressed understanding of the conferees that the Commission and the industry will, within 18 months, have a recommendation before the Congress on this matter.

The Senate bill had specifically authorized banks to create and operate commingled agency accounts. The House version did not specifically provide for those accounts, but it did state that, if no other provisions of State or Federal law prohibited the operation of such accounts, they could be operated subject to certain terms. I am pleased to report that the conference substitute contains no provision on these matters and therefore leaves these questions dependent upon interpretations of existing Federal law and upon administrative action by the respective governmental agencies involved.

With respect to the front-end load on periodic payment plans, the House and Senate versions both provided that the existing practice of withholding 50 percent of the first year's payments toward the total sales charges could be continued; however, a required refund period was established. The refund provisions in the two versions were similar except for the duration of the refund period. The House provided for a 1-year refund period; and the Senate for a 3-year period. The conference substitute provides for an 18-month refund period.

Both the Senate and the House versions contained important provisions for testing the level of management fees. The provisions were similar except for the insertion in the House version of a requirement that the plaintiff shareholder in an action for a breach of fiduciary duty be a bona fide security holder acting in good faith and justifiable cause and that he bear the burden of proving his case by clear and convincing evidence. Because of the uncertainty and confusion which these additions might have created, the conference substitute provides simply that the plaintiff shareholder in such actions be a security holder and bear the burden of proof.

All of the managers on the part of the House have signed the conference report. I firmly believe that the conference substitute is a fair and equitable accommodation between the House and Senate versions. The Investment Company Act has not been significantly amended since its enactment over three decades ago. The conference report contains the many significant other improvements which will be incorporated into the act by these amendments. I urge favorable action on the conference report.

I should also like to indicate two technical corrections which should be made

in the statement of the managers on the tent should be inserted after line 17 on part of the House. The following sentence page 30 of the conference report:

The conference agreement follows the House version.

Also, on page 30 in lines 19 and 28, section 32(a) should be changed to read, section 36(a).

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

Mr. SPRINGER. Mr. Speaker, I think there are seven substantial parts of this conference report that ought to be called to the attention of the House.

One of the most important of these was the question of how much the sales load should be. This conference report limits the funds to 1½ percent of the sales load, beginning January 1, 1971.

This is a little more like the Senate than the House version, but the cutoff date is ours.

Second, the bills differed on how the sales load should be determined only as to the language assuring industry a chance to make a reasonable return. The Senate language was adopted, but the import of both was the same.

The House language does allow the SEC to give some break to small companies in this regard, and that was included in the conference version, which we think is a distinct improvement.

Third, all language concerning banks was excluded, and the matter was left to the present law and pending lawsuits. And may I say there is pending at the present time a lawsuit which will determine the outcome of whether or not banks may operate mutual funds under present law. Since there was a decision already pending that we should leave this to the courts, and not mandatorily include banks within this legislation.

Fourth, front-end load plans posed the problem for the conferees in regard to redemption of shares. Many questions have been asked on the floor about that, and I have been contacted by many of my colleagues with reference to front-end load, and this was one of the most thoroughly debated matters, may I say, in the subcommittee and the full committee, before we arrived at a decision, and before we brought the bill to the floor of the House.

In this conference there is a difference between 3 years and repayment of all over 15 percent of the Commission, and 1 year and 20 percent was a compromise to provide that a customer may withdraw from his mutual fund plan up to 18 months and receive back all payments over 15 percent of the total. The contractual plan sponsors did not particularly care for this agreement, but we believe it was the best compromise we could get.

Fifth, both bills charged the fund managers with duties as fiduciaries. Both expect a person challenging his performance to be a security holder, and uphold the burden of proof. The House version went somewhat further to rule out interference by persons, essentially outsiders, by adding descriptive language

such as a "bona fide security holder," and requiring "clear and convincing" evidence. The conference accepted the simpler Senate language. This of course is one of the big differences between the House and Senate bills. If we are willing to rely on the general fairness and the ability of our courts, this should be adequate protection to fund managers and security holders as well.

Sixth, performance fees are extra fees given to fund managers who bring in better than usual returns.

Both bills recognize that while performance fees may be an incentive, they should not be a one-way street and decreases in fees are in order when performance slips.

The differences are somewhat complicated, but in the opinion of the House conferees, this compromise was as fair a one as we could get.

Seventh, there was a question in the subcommittee as to whether or not oil and gas funds should be included. The conferees accepted that with some report language in the same vein as the language included in the original committee report exhorting the industry to work out a proposed statute with the SEC for the Congress to consider.

I would assume that that would come before our committee at a later date. At least I think that is a reasonable expectation.

Mr. Speaker, those are the important differences in this compromise that we arrived at between the House and the Senate conferees, and I believe considering everything that they were about as good as we could expect to get.

There are still some differences because this was a very hotly contested bill in the subcommittee, and it was only after weeks and months of consideration that we were even able to get it out of the subcommittee and up to the committee. But we finally did get it up and over here and got it to the other body.

I believe this is a matter in which there has been a great deal of public interest involved and even though everybody may not agree with all of the compromises that have been made with the other body—I believe we did the best we could. For that reason, I recommend the passage of the conference report.

Mr. STAGGERS. Mr. Speaker, I thank the gentleman from Illinois (Mr. SPRINGER) for his remarks.

I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to. A motion to reconsider was laid on the table.

CALL OF THE HOUSE

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

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. WAGGONER. 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. 372]

Abbitt	Fallon	Nedzi
Adair	Farbstein	O'Hara
Alexander	Fascell	O'Konski
Ashley	Ford	Ottinger
Aspinall	William D.	Pelly
Berry	Foreman	Pike
Blanton	Frelinghuysen	Pollock
Blatnik	Gallagher	Powell
Bolling	Gilbert	Fryor, Ark.
Brock	Green, Oreg.	Purcell
Brown, Calif.	Halpern	Rees
Burton, Utah	Hanna	Relief
Button	Hollifield	Reuss
Cebell	Jarman	Rivers
Carney	Johnson, Pa.	Robison
Chamberlain	Karsh	Saylor
Chisholm	Kazen	Scheuer
Clark	King	Shriver
Clay	Kuykendall	Sikes
Collins, Tex.	Landrum	Sullivan
Corman	Long, La.	Teague, Calif.
Cramer	Lujan	Tunney
Davis, Ga.	McKneally	Waldie
de la Garza	Madden	Watson
Dennis	Malliard	Weicker
Dickinson	Mann	Whalley
Diggs	Meskill	Wiggins
Dorn	Mirish	Wilson, Bob
Dowdy	Moorhead	Wold
Downing	Morton	Wright
Edwards, La.	Murphy, N.Y.	Wyatt

The SPEAKER pro tempore (Mr. BOLAND). On this rollcall, 341 Members have answered to their names, a quorum.

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

SECURITIES INVESTOR PROTECTION ACT OF 1970

Mr. STAGGERS. 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. 19333) to provide greater protection for customers of registered brokers and dealers and members of national securities exchanges.

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. 19333, with Mr. CHARLES H. WILSON 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 West Virginia (Mr. STAGGERS) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. SPRINGER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Chairman, this is a bill that we consider very important to America. It is designed to provide greater protection for customers of broker-dealers by creating a Securities Investors Protective Corp., a nonprofit, membership corporation which would not be an agency or establishment of the U.S. Government.

Membership in the corporation would consist of all broker-dealers registered under the Securities Exchange Act of 1934 and all persons who are members of a national securities exchange.

The recent extended decline in the securities market has focused attention on problems which occur when a broker-dealer encounters financial difficulties which result in the closing and liquidation of the firm. In this circumstance, the investor sometimes has a hard time getting his money back. Sometimes he does not get it. Sometimes he does not get it all.

In view of the condition of our market today, as chairman of the Committee on Interstate and Foreign Commerce, I would like to state at the opening that I propose to have the committee make a complete study of the securities market and exchanges in the coming session of the Congress.

Mr. Chairman, I would like to emphasize at the outset of this discussion that the proposed legislation is designed to protect customers, the more than 26 million Americans who have invested part of their savings in shares of American corporations. The bill is not designed to protect or to save Wall Street or any broker or dealer or any stock exchange, because they go into business with their eyes open. But this is intended to protect the consumers and those who invest. It would protect them by requiring the new Securities Investor Protection Corporation to establish a fund into which assessments imposed upon members of the securities business would be paid. The fund would be used to protect the public customers in the event of financial insolvencies of broker-dealers, with a limitation of \$50,000 for each investor on the market. The initial fund would be \$75 million raised by a one-time assessment of one-eighth of 1 percent of the gross revenues on all members of the corporation, and by confirmed lines of credit which have been negotiated by representatives of the industry with private lending institutions. The bill would require assessments of one-half of 1 percent of gross revenues to be levied until the fund has been built up to \$150 million.

I should say at the start that \$3 million would be paid into the fund by the broker-dealers themselves out of the trust fund they have, and the \$7 million raised by the assessment of one-eighth of 1 percent. The other \$65 million would be raised by lines of credit from banks. Then the assessments would go to one-half of 1 percent until the fund is built up to \$150 million.

The lines of credit would then be phased out until there is a cash fund of \$150 million, and then the Corporation can raise or lower the assessment as needs be to keep the fund at this level.

The bill then further provides that, in cases of emergency, they may borrow \$1 billion indirectly from the U.S. Treasury. But I might say this, that the Directors of the Corporation are made up of five men from the exchanges and two from the public. If they have to borrow from the Federal Government, then the President has to appoint four more public members to make a majority of public members on the Board before any borrowing can be made.

The Corporation must satisfy the Federal Government that they have a plan

under which repayment will be made and that plan will have to satisfy the SEC, the Treasury, and the Federal Government before any lending is done.

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

Mr. STAGGERS. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. If this bill is designed to protect Mr. and Mrs. John Q. Public in their investments and dealings in the stock market, why are there only two public members on this Board of seven to administer SIPC, the Securities Investment Protection Corporation?

Mr. STAGGERS. I might answer the gentleman in this way: It is only to use the money that has been raised by the industry themselves. They are only using their own money that they have all paid in.

Mr. GROSS. Let me ask the gentleman this question, if he will yield further. Where in the world do you suppose the stockbrokers are going to get the money that you call "their money"? They are going to increase their cost of doing business and take it out of the pockets of Mr. and Mrs. John Q. Public. This business about using their own money just does not add up.

Mr. STAGGERS. The gentleman does not understand, because before they can increase any payments from John Q. Public, as you call him, they have to get approval from the SEC. This is regulated.

Mr. GROSS. If the gentleman will yield further, the Members of the House are called upon here today to pass upon this bill and not something that may be worked out in the dim and distant future, and, for the life of me, I do not understand why, and I hope someone will explain, why there are only two public members on this Corporation Board of seven members that is designed to protect the investing public.

Mr. STAGGERS. I would say this to the gentleman from Iowa, that this is a regulated and self-regulated industry. We are not trying to take over that industry. We are trying, with two public members appointed by the President, to keep an eye on what is going on and to see what is going on regularly and to have them report back to the SEC, which is the public agency. The SEC is the representative of the public, appointed by the President to serve in this agency and to oversee all the broker-dealers of the land. This is just an added oversight which we are providing for in this bill.

Mr. GROSS. If this is a self-regulating industry what in the world are we doing with this legislation here today and why have a Securities and Exchange Commission insofar as the SEC's interest in the broker-dealer phase of the stock market?

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

Mr. STAGGERS. I yield to the gentleman from Illinois.

Mr. SPRINGER. Mr. Chairman, I think if all these assumptions of the gentleman from Iowa were true, I would be inclined to agree with him. As long as public funds are not used—in other words, the assessments are individually upon the members who take part—then they are in the majority. It is possible

under this bill that they can borrow from the Treasury. At that point, the President then appoints four, which then makes the public in the majority. So when public funds are used, then the Government itself, representing the public, are in the majority and have a majority on the Commission and can regulate, as the gentleman from Iowa has in mind.

It is not assumed they will borrow money from the Federal Government, but the minute they do, then the makeup of the Commission changes.

Mr. GROSS. Mr. Chairman, will the gentleman yield so I may ask a question? I will be brief.

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

Mr. GROSS. But all the financing will eventually come out of the public pocket. There will be added costs, and the gentleman well knows it.

Mr. SPRINGER. Let me say this. We are hoping that this industry can regulate itself. We have noted in many instances that the attempts at self-regulation have been very good. We could point to many instances where the National Association of Securities Dealers has done a good job. In fact, sometimes they wanted to go beyond what the Congress or this committee or the SEC proposed, so I do not say they are not responsible. I just say there are certain firms which are not strong. For the simple reason that we do have a mortality rate when we have what I would term a recession in the stock market, something had to be done about it. So they would like to regulate themselves by assessing themselves. But if they do come to the Federal Government for that purpose, then there must be four new members appointed, which does guard our funds. I will explain this further when I get a chance.

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

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

Mr. CELLER. Mr. Chairman, I, too, am concerned, as is the gentleman from Iowa, that there is an insufficient representation on the part of the public. In the first stages of this matter, there are five members, all professionals, who are familiar with the stock exchange and we have only two members of the public. There is a vast public interest over and beyond the second stage, where Government may be called upon to lend up to a billion dollars. There are some 30 million investors in securities in this country.

Most of those tradings with reference to those securities go through these exchanges. If that is not the public interest, I do not know what is the public interest.

The stock exchange is under extreme criticism now because of its conduct. It has been conducting itself like a private club and not in the public interest. It is high time that direction was focused upon the stock exchange to see to it that it is no longer conducted as members of a private club but that the public interest also must be considered.

When we have this group of only seven directors, only two of whom are

members of the public and five of whom are members of the industry, determining the operations of this corporation, and when we also remember that everybody is embraced in this picture—the good, the bad, the indifferent, the solvent and the insolvent—then we can realize there must be something more than merely two members of the public as against five members of the stock exchange, even in the first instance.

Mr. STAGGERS. I thank the gentleman for his comment.

I do want to say this in reply: Since 1963 the broker-dealers have set up a trust fund of their own. In that fund they have acquired \$55 million. They have been able to take care of practically every broker-dealer who has failed.

We are in a depression now, and we have been in a time when things looked bad on the stock market. They are beginning to pick up now. We are hopeful they will come out all right.

It is our duty as representatives of the public to do what we can now, and not to let something happen which would frighten America and hurt everybody.

That is the reason why this legislation is brought here.

The reason why five members of the industry and two from the public are provided for is that this is going to be their money and there is strong oversight by the SEC.

I stated when I started, and I will state this two or three times, that the committee is making an indepth study of the structure of the regulatory pattern in the Securities Markets. If we have to take over, this Government will take over, but I do not believe we need to do so. I believe that with private initiative, under the direction of the SEC, we can continue at least close to the present structure.

The bill provides that the corporation may borrow up to \$1 billion indirectly from the U.S. Treasury. Such loans would be technically effected through the Securities and Exchange Commission and could be granted only after the Commission had made necessary statutory findings. Your committee has set the Treasury borrowing authority at \$1 billion as a figure unlikely to be required in any situation except one of extreme financial stress. However, for protection of the type contemplated by this bill, provisions for the most extreme situation, no matter how remote, must be made.

Another significant feature of the bill is the procedures it establishes for the prompt and orderly liquidation of member broker-dealers when required. Subject to specified conditions, the bill provides that liquidation proceedings be conducted in accordance with, and as though they were being conducted under, certain prescribed provisions of the Bankruptcy Act.

The creation and establishment of a fund to protect public customers in these circumstances is really only an interim step. A long-range solution to the problems confronting the industry today will be found in the ultimate raising of the general financial and capital condition of the brokerage firms. H.R. 19333 deals

with this matter by clarifying the rule-making authority of the Securities and Exchange Commission with respect to the financial responsibility and related practices of brokers and dealers. In addition, the bill would give the Commission substantial oversight authority over the operations of the proposed corporation. The Commission would have authority to disapprove the initial bylaws in whole or in part. Further it would have the power, by rule or regulation, to require the adoption, amendment, or rescission of any bylaw of the corporation whenever adopted. It is the expectation of your committee that the Commission and the self-regulatory organizations involved will be alert and vigorous in the exercise of the authority granted to them by this bill. Only with strength from these organizations can this legislation see its fullest effectiveness.

During our committee deliberations on this bill, much has come to our attention which raises substantial questions about the effectiveness of the regulatory structure of the securities industry with particular attention upon the effectiveness of self-regulation in this industry. We all recognize that the securities business has gone through a period of strain because of a declining market and its attendant factors. However, the events of the recent past have raised substantial questions about the ability of the regulatory system, as it is presently structured, to anticipate and deal effectively with the stresses. Understandably, many are disturbed and perplexed that the present situation on Wall Street has occurred under the existing system of statutory regulation.

It is evident to me that a thorough study and evaluation must be made of the role of self-regulation in the securities industry—including the question of the coordination between self-regulation and the regulatory role of the Securities and Exchange Commission. It is also evident to me that such a study must be undertaken by the elected representatives of the American people. Accordingly, as chairman of the Interstate and Foreign Commerce Committee, I propose that very early in the 92d Congress the Committee on Interstate and Foreign Commerce undertake such a careful study and evaluation. The study must be thorough and it must be comprehensive. In order for future Congresses to legislate effectively in this area, it is necessary that we now examine whether or not the regulatory system, which was created in the 1930's and refined in the 1940's, 1950's, and 1960's, is adequate to meet the challenges of the 1970's and beyond.

Mr. Chairman, H.R. 19333 has the unanimous support of your committee, the Securities and Exchange Commission, the Department of the Treasury, and the Joint Securities Industry Task Force. The bill will not only protect public customers of brokerage firms and re-enforce investor confidence in our Nation's securities markets, but it will also mandate a general upgrading of financial responsibility requirements of brokers and dealers. I urge favorable action on H.R. 19333.

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

Mr. STAGGERS. I would rather not yield right now; I will in a few minutes. I should like to have the other side use a little time.

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

Mr. Chairman, I know the questions that have been asked by many Members of this body. What is being done about the so-called failures of the various brokerage houses around the country? There have been two or three major ones and eight or nine others.

One company, Goodbody & Co., has combined with Merrill Lynch. It is my understanding that all investors will be paid in full, that there will be no losses. That is my understanding as of this time.

However, we did have at least two large failures, and we also had some smaller failures, inland and away from Wall Street.

Now, why did we get to that kind of a position today? Simply because there has been no regulation, no regulation of funds with regard to investor protection. There has been no adequate regulation of how customers' funds may be used. There is and was no segregation of your money if you deposited it with a broker or dealer. The broker, or many of them, and it is pretty hard to find out exactly what happened, in most cases had their customers' money put into one account. Everybody's funds were merged in one account. Of course, accounts were kept separate on the books, but the money was merged. The cost of the operation was taken out of that. I think this and the lack of business, combined with declining stock values, caused the collapse of these two companies which sort of triggered the necessity that we felt existed for this kind of legislation.

May I repeat again that it was brought about because when you took money down to a brokerage house he amalgamated these funds all into one fund and paid his expenses therefrom. The result of that was about what you would envision when you invest in a bank. I take it if the same situation had occurred in a bank, and the bank failed, you would be in exactly the same position there that you are here.

Now, what did we try to do to remedy this situation insofar as the public was concerned? By the public I mean the individual investor. What have we done under this legislation to remedy this situation?

First of all, we created what I would like to term the FDIC of the securities investors. The theory of FDIC, which is the Federal Deposit Insurance Corporation, which governs most banks in this country, is to create a fund to reimburse depositors of defunct banks. The temper of this legislation and the intent of this legislation, however, is exactly the same. What do we do? This resembles FDIC in that we formed a corporation. The funds in this corporation will come from brokers and exchange members by assessment.

Second, five of the seven-man Board of Directors is appointed by the members putting up the money. So you have five

of the seven appointed by the people who put up the money. The other two members are appointed by the President.

The distinguished gentleman from Iowa (Mr. GROSS) raised a question, as did the distinguished chairman of the Judiciary Committee, here a few moments ago. The committee had the feeling that as long as they had their funds involved in this in the form of an assessment they ought to be able to regulate and should regulate themselves.

Now let me say this: They do not form this corporation and operate independently. The rules and limitations on the operation of this are laid down by the Securities and Exchange Commission. I do not want somebody to think that here is a corporation which is operating out in the open air without any kind of supervision at all. And, it will have to operate within those rules as they are laid down by the SEC. So, you do have a Government body and authority created by this Congress, and an arm of the Committee on Interstate and Foreign Commerce, which we created in the SEC. Our committee had jurisdiction of this problem entirely on its own and we gave part of that jurisdiction to the SEC.

Now, we did realize that when this corporation found it necessary to go to the Treasury to borrow money, if it was necessary to go and borrow money, at that point the public interest was so great and there was of necessity Government funds involved and the President then appoints four more members, giving the public a majority on this board.

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

Mr. SPRINGER. I shall yield to the distinguished gentleman from New York in just a moment after I have completed my preliminary thoughts.

Now, what happens if you invest your money through a brokerage firm, what happens if it fails? That is what you want to know. You do not come running to the exchange to see about getting your money back, or you do not go and ask the company with which you invested for it. You come directly to this corporation just like you would do with reference to a bank under the FDIC. You make your application directly to the corporation which is formed. The fund is made up of assessments against the various investor houses, and you get up to \$50,000. It is my recollection that under the operations of the FDIC you are insured, I believe, up to \$20,000. It may be more than that but I think that is what it has been for some time. You are insured up to a definite amount but not beyond that. Under this bill you are insured up to \$50,000.

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

Mr. SPRINGER. Yes, I yield to the distinguished chairman of the Committee on the Judiciary.

Mr. CELLER. I do not think it is fair to make the comparison between the setup as contained in this bill and the operation of the FDIC.

In the case of the FDIC ab initio everyone is not admitted into the scheme. Under this bill everyone, the good, and the bad, and the indifferent are embraced

under its protection. No questions are asked. Under the FDIC there are regulations which determine whether a bank or a savings institution is qualified to become a member of the FDIC. There are examiners who periodically examine their books. There is nothing like this contained in this bill. Therefore, the analogy which the gentleman from Illinois has drawn is not perfect. When you have a situation where everyone comes in, whether they are bankrupt or insolvent or whether they are vicious, or saints, or sinners, I think the public certainly ought to have the strongest kind of representation. In the Senate bill they do provide for a situation where the public members far outweigh the professional members because of what I have indicated just now. I do not see why that should not be done here. I am going to vote for the bill. I am in favor of the principle of the bill. We do not pass a bill like this because it is barely possible that we will have some catastrophic failure on Wall Street because of a panic. I am for the bill, but I do think there ought to be more public members on this board of directors in the first stage particularly when there is \$1 billion of the public's money involved. In the first stage you have thousands of investors involved and that is a public interest. When you consider that two members of the stock exchange—two presidents—complain bitterly about the operations of the members of those exchanges, speaking of all sorts of gadgets and maneuvers, all kinds of irregularities and skulduggery that existed between the customer and the broker, then you must give consideration to the fact that the public is properly represented in order to see that there is no repetition of these irregularities.

Mr. SPRINGER. I thank the distinguished gentleman from New York for his comments, although I may not agree with the gentleman in what he says. But, nevertheless, I respect him.

Mr. FULTON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I will yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Why must we have this authority ahead of time to borrow \$1 billion from the U.S. Treasury, and then it is conditioned upon the fact that the corporation has really failed?

You see, the way this bill is set, the provision for the borrowing from the U.S. Treasury comes into effect only after failure in the private sector, and then the public interest takes place.

This would be the first time that I know of that on such an indefinite occasion there has been authority by this House and the Congress to borrow \$1 billion from the U.S. Treasury, increasing the debt, under circumstances that we cannot tell at this time what they might be. Why not put that off until later?

Mr. SPRINGER. May I say to the distinguished gentleman from Pennsylvania that in order to assure, this should be covered very similarly to the FDIC. The gentleman has mentioned \$1 billion. That is not the way the bill reads. It says up

to \$1 billion. I do not anticipate there will be any borrowing of that nature.

But may I say in reply to the distinguished gentleman from Pennsylvania that the bill provides additional assessments to make that up, and that must be done under the statute so that there is no question of borrowing without assurances to the Treasury that it will be repaid.

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

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

Mr. MOSS. Is it not a fact that, rather than an evidence of failure, we are merely providing a means of cushioning, to prevent failure in the event there should be a collapse of one or two major houses, but not exceeding the size of the fund plus the private line of credit, and give access to the Treasury line of credit precisely as was provided in the original FDIC?

Mr. SPRINGER. I think the gentleman has explained it. There are—I do not know how many houses on Wall Street, and if you have two failures, that is enough—but the reason you have FDIC was that you had literally hundreds of banks all over the country fail. We have not had too many failures in this industry, and we are trying to prevent that from happening. It is too bad that we have had two, that is enough, but of the hundreds of investment houses that we have we have only had two major failures. What would have happened if we had had 50 such failures? Everybody would have been outraged. What we are trying to do in this bill is to bring further responsibility into the industry itself, and they have been willing to accept this responsibility, and by forming this corporation and assessing themselves they are trying to meet the responsibility, as we see it. But we are leaving them under the supervision of the Securities and Exchange Commission to be sure by the regulations of the Commission that they carry out exactly what the intent is under this bill so that we get some results.

Now, if it came to the point where we had, as the gentleman from California has mentioned, a whole group of failures, they certainly would probably go the Treasury with this, but there would have to be assessments, just like under the FDIC. It is true that under one provision of this, if there are no failures over a period of years you would accumulate a lot of money, and they may lower the assessment. I think that is reasonable. But I think you will see a lot closer supervision by the industry itself of this matter by virtue of the fact that we are coming up with this kind of legislation than you would have had had we ignored it.

Mr. FULTON of Pennsylvania. Mr. Chairman, if the gentleman will yield for one more question—

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

Mr. FULTON of Pennsylvania. If this is so similar to the FDIC in policy and administration, but in an allied field, why establish a new separate agency? Why not have the FDIC broaden its powers and do it?

There is one thing I do not understand,

and that is that when people own stock, and it might be in a street name, but nevertheless the ownership is clearly in the individual investor or the customer of the brokerage house, how is it that those people cannot get their stock right back, and quickly? What is the trouble now?

Mr. SPRINGER. The mere bookkeeping alone—and I am talking about before the computer system—there were delays of from 30 days to 3 or 4 months, merely from the paperwork involved but questionable practices have aggravated the situation.

Now, they have been trying to remedy that by coming up with a computer system that would make this more rapid.

The criticism of the gentleman is valid, may I say.

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

Mr. SPRINGER. I yield to the gentleman.

Mr. MOSS. Mr. Chairman, I think we reached a trading level on the combined exchanges of about 25 to 30 million shares a day several years in advance of any projected studies. This load did, indeed, overtax the abilities of the brokerage houses to effect a transfer. There is still far too much lag and, as the gentleman knows, the committee has indicated its very strong concern and its insistence that this matter be overcome; and progress is being made. It is not cured and problems will continue for some time. But we are keeping a very close oversight on the activities both of the SEC and the exchanges.

Mr. SPRINGER. Mr. Chairman, may I state two other points and then I will be finished.

We will have assessments by this corporation to maintain a fund that we think will be liquid enough to meet all of its responsibilities, but routine assessments will take into account various other factors including business practices of the brokers themselves. That is very very important.

This fund may be built up to \$150 million or even more if the SEC under its jurisdiction sees so fit to do. This would be an assessment of one-half of 1 percent of the gross revenue—one-half of 1 percent of the gross revenue. Of this amount only \$50 million may be credit and that must be gradually phased out.

Assessments may drop, but they must go up when the fund dwindles so there is no chance of the fund going down altogether.

I think we put in here this borrowing from the Federal Government only on the theory that if we had an unusual situation arise, then of course we would, like the FDIC, come to the Federal Government for assistance. But may I say again, when they borrow from the Federal Government, then the assessments must go up. That arrangement must be made with the Treasury and it must be satisfactory with the Treasury, that the assessments and other charges must be sufficient to repay whatever is borrowed.

Those are, I think, the essential parts. But I do want to give to the House how we got to this situation where we are on December 1, 1970, and why we arrived

at this situation and, third, what we are attempting to do about it.

There may be disagreement here as to whether or not we are doing exactly the right thing. Some of these questions have been quite intelligent—some of the suggestions that have been made, I think, perhaps have been good. But I think the subcommittee wrestled with this thing for weeks and for 2 or 3 months before they finally worked out something here that they thought was responsible and that we could bring over here to the House and that you could see fit to pass.

Personally, I am inclined to believe that the subcommittee did a good job. We certainly had no trouble and no disagreement on it so far as the committee is concerned.

But this situation in 1970 is the situation we had to meet. Perhaps it should have been done a long time ago. But I guess like everything in American life, it takes a few failures before you finally measure up to the responsibilities that the Government has in this great broad field. When we had bank failures in the 1930's, I remember I lost money in two banks and how happy I was to see when you had a Federal Deposit Insurance Corporation at least to guarantee your money, to whatever the figure was, around \$10,000.

I think we are attempting in a way to do the same thing in this bill that we did then.

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

Mr. SPRINGER. I yield to the gentleman.

Mr. GROSS. Does this bill provide that there be an examination of the soundness of a brokerage firm before they come under this corporation?

Mr. SPRINGER. Yes; we have left this to the regulation of the Securities and Exchange Commission. May I say to the distinguished gentleman from Iowa, you cannot have a bill of this nature without leaving with the Securities and Exchange Commission its own power to put into effect rules pursuant to this—and that is what we expect them to do.

Mr. GROSS. Yes, but the gentleman is well acquainted with the fact that before a bank can become a member of the FDIC, it must stand a searching investigation by the FDIC as to soundness. I find no such provision in the legislation which would create this proposed corporation.

Mr. SPRINGER. I think if you go back to the beginning, you will find that was probably done under a rule. I do not know all the intricacies involved. There may be several things that ought to be done. But I think we can rely on the Securities and Exchange Commission to put this into effect right.

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

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

Mr. GROSS. We are in the condition in which we now find ourselves because of the failure, somewhere along the line, of the Securities and Exchange Commis-

sion to make these brokerage firms walk the chalk line.

Mr. SPRINGER. The gentleman is mistaken there.

Mr. GROSS. No; I am not mistaken.

Mr. SPRINGER. May I say they did not have this authority. This is one of the problems we have faced, and this bill is an effort to try to do something about it. The SEC did not have that authority.

Mr. GROSS. Instead of creating a corporation with two public members and five members of the brokerage industry who would control this corporation, instead of doing this, why do we not try giving the Securities and Exchange Commission the necessary authority and see to it that they enforce it?

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

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

Mr. MOSS. On page 94, section 15(c)(3) we do in this bill considerably expand the authority of the Securities and Exchange Commission to maintain supervision and exercise regulation over these phases of the business of the broker-dealers and of the security houses in this Nation.

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

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

Mr. KEITH. I refer to the report, which our colleague from Iowa read so thoroughly. One pages 13 and 14 the following statement appears:

Because of these events the Commission is of the opinion that its authority to adopt rules dealing with free credit balances and segregation of securities has been made somewhat uncertain. To the extent that that has been a problem, the reported bill remedies it by making it clear that the Commission has authority to promulgate rules with respect to the financial responsibility and related business practices of broker-dealers including, but not limited to, the acceptance of custody and use of customers' securities, and the carrying and use of customers' deposits or credit balances. In addition, the amendment to section 15(c)(3) would give the Commission such rulemaking power over both the exchange and the over-the-counter communities. Now that the matter has been clarified, your committee directs and expects the Commission to be alert and strong in this area. This will, of course, require similar alertness and strength from the self-regulatory organizations, and if that is not forthcoming, the Commission and, if necessary, the Congress, will have to insure it.

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

Mr. SPRINGER. Mr. Chairman, may I ask how much time I have consumed?

The CHAIRMAN. The gentleman has consumed 24 minutes.

Mr. SPRINGER. Mr. Chairman, I am sorry to say that I cannot yield to the gentleman. I have only 6 minutes remaining. I yield that to the distinguished gentleman from Massachusetts, the ranking minority member of the subcommittee.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts for 6 minutes.

Mr. KEITH. I thank the gentleman.

Mr. Chairman, the gentlemen from Iowa and New York have raised ques-

tions that must be in the minds of the public as well as in the minds of Members of Congress. I addressed myself to those questions earlier when I commented from the report.

I believe it is safe to say that there have been abuses of the authority that has been granted by the SEC insofar as the use of free credit balances is concerned. The SEC may have been lax upon occasion in not insisting upon more strict enforcement of their rules and more frequent audits of the practices of the broker-dealer firms. This whole subject has received very exhaustive treatment in the press in recent weeks and months, and your committee is very cognizant of what has been going on and has reminded the SEC of its responsibilities in these matters.

We are taking an essential step today to further restore the confidence of the public in the exchanges and in the SEC. That confidence is necessary so that we may continue to have the capital that is necessary for the business and commerce and industry of America to function effectively. The Nation can have renewed confidence because of the attention we are giving to this problem here today and to other problems that underlie it and which also lie ahead of us.

The question perhaps of the consolidation of the New York Stock Exchange and the American Exchange into one is an instance. There is the question of the Commission rate structure and the cleaning of house in other bailiwicks of the exchanges.

The committee, under the chairmanship of the gentleman from West Virginia (Mr. STAGGERS), has held, over the years, rather exhaustive hearings on this whole subject of the Commission's authority. We anticipate more in the coming Congress. Is that not so, I ask the chairman?

Mr. STAGGERS. That is so. I stated it twice and I intend to do so again, that our committee, either the full committee or the subcommittee, will hold exhaustive hearings on what is going on, and, if remedies are needed, they will be proposed.

If the gentleman will yield further, we have made many proposals in this that give the SEC broad powers to correct that which we know is wrong. If after other exhaustive studies we find some other things that should be done, that will be brought before the Congress.

Mr. KEITH. I know the committee has done a good job in exercising oversight. We have, on several occasions, held such hearings, and they have been very effective. They led to the Securities Act Amendments of 1964, which modernized the exchange patterns under the original act. We improved the full-disclosure pattern, and we strengthened the regulatory pattern over the securities brokers and dealers and we required for the first time that professionals in these markets meet adequate standards of training and experience. More recently we have authorized the institutional investor study, tightened regulation of tender offers and takeover bids, and passed the Mutual Fund Reform Act of 1970.

I think the public attention that has been given to the current problems is entirely healthy and we should show the public by the enactment of this legislation that we are doing the best we can to make the securities markets honest, efficient, and frank with respect to their activities. All of this is in the public interest. And so, Mr. Chairman, I ask my colleagues to support this legislation. It will increase the public's confidence in the operations of the marketplace, and accordingly improve the economy of the entire Nation.

Mr. STAGGERS. Mr. Chairman, I yield 7 minutes to the gentleman from California (Mr. Moss) the chairman of the subcommittee which first reported the bill.

Mr. MOSS. Mr. Chairman, I would like first to state than I know of no way that a committee could undertake more exhaustively to examine the subject and to afford opportunity for hearing the views of every segment of the industry and of the public than the Subcommittee on Commerce and Finance has done during the past approximately 20 months.

We have gone through three bills during the course of evolving something which would meet a need anticipated by the Securities and Exchange Commission many years ago, because the commission did in 1941 and 1956 and 1959 ask additional authority from the Congress, but the Congress did not see fit to give it.

The authority they sought was in the areas which have probably caused the major problems we now are trying to cure here today.

The bill before us today has been enthusiastically endorsed by a very broad spectrum of public and private interests. The White House and the Treasury Department are solidly behind it, the Securities and Exchange Commission backs it without reservation, and the major securities industry organizations including the special industry task force on broker-dealer insurance have strongly urged that the bill be enacted into law.

I add to these, of course, my own personal endorsement and, I believe, that of all the members of the Subcommittee on Commerce and Finance on both sides of the aisle. I would like to thank my subcommittee colleagues for the active role they have taken in helping to fashion this important piece of legislation. A true spirit of bipartisanship has prevailed throughout our deliberations.

I regret that it has taken a period of extreme crisis in the securities industry to bring forth the wide range of industry and Government support we now have for this bill but I hope we can all learn something from this experience. I think that if we had had a broker-dealer insurance law a year and a half ago at the inception of the industry's financial crisis, the mere fact of the existence of such a scheme would have gone a long way toward cushioning the effects of that crisis. All too often, in my opinion, we legislate only in response to crisis rather than attempting

to anticipate problems and provide workable solutions in advance. The Congress is not unique in this shortcoming, however.

As recently as 8 months ago the concept of broker-dealer insurance was opposed by major elements of the securities industry and the Securities and Exchange Commission was mute on the subject as well. Chairman Budge of the SEC was, I believe, one of the first to recognize the importance of broker-dealer insurance and we owe a great deal to his tireless efforts on behalf of the proposal. It was largely through his good offices and the insistence of the Subcommittee on Commerce and Finance that we were able to get the industry together with the Government and come forth with an alternative proposal to the bill that Senator MUSKIE and I introduced in the summer of 1969.

The bill before us today follows closely the basic framework of the agreement reached between the industry task force and the SEC last summer but there are, I believe, a number of important improvements that have been made by the committee. The result is a bill that truly reflects the best thinking of the industry, the Commission, and the committee as well and enjoys the support of all.

The constant and overriding concern of the committee, of course, has been to provide the maximum protection possible for the Treasury funds that are obligated by the terms of this bill as a standby line of credit. Our great problem has been providing this protection in a manner that is still consistent with a viable insurance scheme. I believe that, with the addition of two amendments that I will later propose, we have achieved an equitable solution to this problem. These amendments were necessitated by events that took place after the committee had already reported out the bill and they enjoy the unanimous support of members of the subcommittee.

It has been loosely stated in the press and elsewhere that this bill is a bail out of the securities industry. I want to express my strongest disagreement with that statement. The bill would in no way operate to the direct financial benefit of securities firms or their partners and officers. The bill protects the public investor. Its benefits run directly to the public and only indirectly, through the restoration of investor confidence to the industry itself.

There has been a great deal of discussion about the nature and makeup of the board of directors. It was a matter very carefully and very thoughtfully explored in the subcommittee. I believe in the device we have decided to employ—what I call the convertible board of directors. While public funds are being employed, it is a publicly controlled board, and while only private funds are being employed it is a privately controlled board with public representation upon it.

Finally, we have been concerned all along with the problem of providing protection to the customers of firms that

might fail before enactment of the bill into law. We early anticipated this possibility but we have specifically declined to make the bill retroactive in its operation. The bill is prospective from the date of its enactment.

The failure, in recent months, of the First Devonshire Corp., Flohn & Co., and Robinson & Co. has received a great deal of attention from the press and from the committee because the New York Stock Exchange has declined to make available from its trust fund moneys to protect the customers of these three firms.

The committee has been in close consultation with the officers of the New York Stock Exchange—with its president, Mr. Haack, with the chairman of its board of governors and with the vice chairman of its board of governors—and we have received firm and unequivocal assurances that they will recommend to the board of governors that they take every action within their power to protect the customers of these three firms against loss.

We fully expect that that commitment to the committee will be met by the officers of the New York Stock Exchange and by its board of governors. We are prepared to move rather promptly to enact additional legislation if that becomes necessary because we would regard failure to move as a serious breach of faith with the committee and with the Congress.

Although the worst of the securities industry's crisis seems to be in the past, I would again caution my colleagues, as I cautioned them at the time of the passage of the mutual fund bill in September, not to think that this bill will solve all of the problems of the securities industry for all time. This bill is useful and necessary and it is good legislation. I look forward, however, to a wide-ranging examination of the structure of the entire industry in the next Congress. I anticipate that there are many problems that still remain, problems that may well require a significant updating of our major securities laws, which are now almost 30 years old and have scarcely been amended in the interim. I had hoped we would have significant guidance in this respect when the SEC completes its current study of institutional impact on the securities markets and submits it to the Congress on January 1—but in candor I must confess to a sense of disquiet over the value of that study—at least based on rumors now coming to my attention; but with or without it the job must be done.

Mr. Chairman, at this time I yield to the distinguished gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, I rise in support of this long overdue bill. I do believe the committee should be commended for bringing the bill out at this time.

I should like to ask the gentleman this question: Since this bill provides for insurance coverage for funds left with a broker, the question has been raised as to the possibility of interest payments on such deposits. I am told that some firms

have a reinvestment credit which amounts to a payment for the use of the customer's funds.

Am I correct that under this bill it is not intended that this new insurance be used to foster a new form of savings account? Is it not our purpose to protect the public against loss from insolvency rather than permit a type of deposit that might compete with banks, savings and loan associations and credit unions?

Mr. MOSS. Let me say to the gentlemen, this bill adds in no manner, nor does it in any manner diminish, the present authority of broker dealers to handle free credit balances. It has no effect whatsoever upon that. That will be a subject for the rule making by the Commission.

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

Mr. MOSS. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

I am very interested, in behalf of the customers of First Devonshire Corp., many of whom reside in my congressional district in Illinois, in this subject. Do I correctly understand that from assurances received from officers of the New York Stock Exchange the gentleman regards this as a firm commitment that these customers will be indemnified against loss?

Mr. MOSS. The commitment is that they will go to the board of governors and urge that the board make use of every power it has to protect the customers of these firms against loss.

Mr. McCLORY. I thank the gentleman.

Mr. MOSS. As I said earlier, Mr. Chairman, we are reacting today to a crisis. I believe this illustrates the need for the committees of the Congress to maintain far closer oversight and to act in anticipation of problems which can be seen down the road several years in the future.

Frequently when we discuss legislation in committee and on the floor of this House we are asked "Where is the demand for it?" Well, you always have demand when you have crisis. We need more planning to meet problems, to anticipate them, and to see that they do not unnecessarily jolt the economy of this country.

The great significance of this legislation is the role that it will play in the restoration of confidence in the security markets of this Nation. The survival of those markets is of vital importance to the survival of our system of free enterprise. We cannot, however, leave such things entirely in the hands of industries that expect they will always be able to step forward and say, "This is what we need to take care of this problem in the future."

Our role is to anticipate such problems and we have not, in my judgment, exercised it as fully as we should. I assure you that to the extent that I have the power, in the future we are going to look more carefully as we move along at the practices of all of the persons who engage in this important business.

Mr. SPRINGER. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL of North Carolina. Mr. Chairman, I urge the passage of H.R. 19333, which represents a balanced judgment reached by the House Interstate and Foreign Commerce Committee to provide greater protection to small investors in the securities market. Our committee has, I believe, prepared legislation that meets a current and future need in the establishment of the Securities Investor Protection Corporation.

The New York Stock Exchange has maintained that no public customer has suffered losses because of the insolvency of a member firm. Such a record has been possible because of the "trust fund" established by the exchange to advance money to liquidators or receivers or broker-dealers in liquidation.

Recent declines in the market have seen difficulties develop where losses by investors have occurred and their interests have not been protected.

The stock exchange regulations and the requirements of the Securities and Exchange Commission assure many safeguards for the investor. However, they have proved insufficient to prevent losses as a result of financial mismanagement by a broker-dealer or the insolvency of such a firm.

This legislation would establish a non-profit, membership corporation whose members would consist of all brokers and dealers registered under the Securities Exchange Act. Contributions by the members would create a fund to protect customers when a broker-dealer fails to meet his financial obligations. No Federal funds would be involved in this fund.

I believe this legislation will restore some of the public confidence in the investment market which has been disturbed by recent events and that it will also strengthen the financial responsibilities of broker-dealers in the securities market.

Mr. STAGGERS. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, I served on the subcommittee in which this bill was drafted. I must be frank to say that I am as concerned about the public interest as my friend from Iowa, Mr. Gross, who I think is one of the finest guardians of that interest in the House, and as my good friend from New York, the chairman of the Committee on the Judiciary, who has brought up some questions here.

I believe the questions that have been raised have been answered in this act. Originally the act included a provision for subordinated loans to the brokers themselves. If that provision had remained, I would go with my esteemed colleague from New York and favor a public board from the beginning but that provision was stricken out. There is nothing in this bill that provides the use of funds for any other purpose than to pay back the customers of the broker dealers

and not the folks who are running those companies.

Furthermore, the bill includes surveillance by the SEC with respect to the board's rules. No rule may be adopted without approval of the SEC, and the self-regulatory organizations are subject to investigation by extended authority in the SEC under the provisions of this act. The SEC is then permitted to go into courts and obtain injunctions if any violation of its rules and regulations or the provisions of this act occurs.

But the most important thing of all is the triggering device. Let me emphasize this as strongly as I can. If you set up a board in the beginning to protect the public interest, who do you get on it? Persons who are not of much consequence. They are persons upon whom the President wants to confer an honor. You put a number of persons on the board and you expect them to watch the public interest.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. ECKHARDT. On the other hand, what we have done in this act is to provide that the board may be enlarged by four members at a time when public attention is directed toward the board, because public funds are to flow in through loans from the Treasury. This will give an enlargement that can really change the decisionmaking power in the board. Unless you have an industry-dominated board in the beginning, with a relatively small number and a margin of as many as four to add, you really do not sufficiently change the tenor of the board.

I think the triggering device is an excellent method of protecting the public interest, far better than attempting to anticipate by appointing persons of no particular stature prior to the events which cause dipping into public funds.

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

Mr. Chairman, I think we have discussed the bill rather thoroughly. The subcommittee held extensive hearings. Certainly, it took a long time in its mark-up in executive session. When it got through it unanimously reported this bill to the full committee. When it was brought to the full committee, the full committee unanimously reported it to this House.

Mr. Chairman, this is not a bill that was reported in a hurry. There was long and careful consideration given to it. Many other alternatives were studied. After we were through with all the study, this is the bill that we brought to the House with every recommendation that it pass in this form.

I know that there is probably going to be an objection made to the effect that the Senate is going to pass a bill somewhat different. Well, they might do it.

I cannot say what will ultimately happen, but that will have to be a matter to be resolved in conference. In other words, these differences will have to be ironed out in conference.

Mr. Chairman, the Committee on Interstate and Foreign Commerce, not only the subcommittee, but the full commit-

tee, has agreed that this is the best bill they could bring to the floor and were unanimous on this bill.

We do have two subcommittee amendments that we want to offer.

Again, I want to recommend passage because I have every confidence in the subcommittee and in the full committee and their judgment.

So, Mr. Chairman, I recommend to the House the passage of this bill with the two amendments to be offered by the subcommittee.

With that, Mr. Chairman, I yield back the balance of my time.

Mr. BOLAND. Mr. Chairman, I rise in support of this legislation to protect the small investor. When brokerage houses fail—and, in the threadbare economy of today's Wall Street, they fail often—the small investor is the principal victim. A veritable labyrinth of litigation awaits him should he seek redress in the courts. Indeed, he is lucky to recover a fraction of his losses in most cases.

The bill now before us would create a Securities Investor Protection Corp., eventually funded at \$150 million, to allow the small investor recovery of up to \$50,000 of his losses when his brokerage house fails. The bill, still further, would give the SIPC authority to seek courtroom redress if any member firm fails to meet its obligations to its customers.

A nonprofit corporation whose membership would consist of all registered brokers and all members of the national securities exchanges, the SIPC would protect the small investor and encourage new confidence in the stock market among such investors.

This is a good bill, Mr. Chairman, and I urge its immediate passage.

Mr. BROOMFIELD. Mr. Chairman, in the past 2 years the stock market has steadily declined from the record levels of the mid-1960's. While oversized profits, dividends and volumes have largely been left behind, several of the procedures adopted by the securities industry to cope with the unprecedented activity of that boom remain. Amidst the general bearishness of the 1968-70 period these procedures, once so vital to the continued strength of the brokerage houses, have revealed a more dangerous side: they threaten now to undermine the entire industry—investor and broker alike.

The major problem involves the use by brokerage houses of customer credits and securities. When investors build up funds from the sale of their securities, they frequently leave them on deposit with their brokers. Although the customer may withdraw his balance on demand, the funds are usually left with the brokerage houses as a convenience, in anticipation of future purchases. Like a bank's investment of customer deposits, the house is free to use this cash for its own purposes. The same applies to securities which the investor leaves with the house for safekeeping or to securities which have been only partially paid for—those held on margin. These, too, can be traded, loaned or used as collateral on loans. They are freely transferable, enabling brokers to fill customers' orders promptly and easily but also creating the risk of incorrect transfer.

These have long been standard practices within the industry, but with the massive expansion of the mid-1960's they grew to unmanageable proportions. The Nation's largest brokerage, for example, holds \$18 billion in customer credit, yet can claim corporate assets of only \$1.8 billion. Should that firm suddenly file for bankruptcy, the cash and securities it holds in custody for its investors can be claimed by its own creditors. When a company's assets cannot cover its liabilities, its customer's funds may be used to pay off debts—and there is no guarantee that these customers will be reimbursed. This problem was not so critical in the happy times of the mid-1960's when the industry flourished along with everyone else. Now, however, the probability of brokerage firms failing is much higher.

Most of the country's large exchanges have taken steps to prevent them. In 1964 the New York Stock Exchange created a \$25 million trust fund to meet claims arising from broken dealer insolvencies. Already, however, they have had to augment this with another \$30 million from their building fund. This year, with the collapse of 10 member firms and the imminent failure of two more, there exists a real possibility that the trust fund will be exhausted. If the public is to retain confidence in the securities industry and if individual customers are to be guaranteed their cash or securities credits, a larger trust fund must be created for the entire industry, not just for one exchange.

The Securities Investor Protection Act of 1970 would establish a private, nonprofit industry insurance fund backed by \$1 billion in U.S. Treasury credit to protect investors from brokerage house insolvencies. The basic fund would be financed by assessments of the member brokerage firms. Initial assessments would be 0.125 percent until the fund amounts to \$150 million, when assessments will drop to 0.25 percent. The customers of member brokerage houses would be guaranteed a return up to \$50,000 on their cash or securities credit. The fund would be administered by the Securities Investor Protection Corporation, which in turn will be governed by a five-man Board composed of three Government officials—the SEC Chairman, Treasury Secretary, and Federal Reserve Board Chairman—and two industry representatives. It will remain under the control of the Securities and Exchange Commission.

Mr. Chairman, the Interstate and Foreign Commerce Committee has met the problem of brokerage house failures head-on. It has produced a bill which almost everyone concerned has supported enthusiastically: the broker, the individual investor, the exchanges, even the Government agree on the need for this measure. I do not think it can be postponed any longer. This bill deserves immediate passage.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in strong support of H.R. 19333, the Securities Investor Protection Act of 1970. This legislation would create a Federal Broker-Dealer Insurance Corp. which would protect investors from loss

because of the failure of broker-dealer firms. It would also grant protection to all public customers of broker-dealers and stock clearing corporations through the use of a fund which could be used to recover losses in the event of the financial insolvency of these brokers. There would be a limitation of \$50,000 for each customer.

There have been some who have said that this bill was designed to serve only the interests of Wall Street. Mr. Speaker, this is not the case. H.R. 19333 is a vehicle that speaks to the important concerns of the entire securities industry. This bill is just as important to the small investor in Chicago as it is to the small investor in New York. This legislation will afford those thousands of small investors across the country the needed protection that they presently do not have. I wish to congratulate my colleagues on the Commerce Committee, in particular Chairman STAGGERS and Subcommittee Chairman MOSS, for their excellent work which brought forth this very necessary bill.

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in support of H.R. 19333, the Securities Investor Protection Act of 1970. The purpose of this legislation, put quite simply, is to provide adequate protection for the investor in the event that his broker-dealer encounters financial difficulties. Protection would be provided in the form of a special fund to be derived from assessments on all brokers and dealers registered under the Security Exchange Act of 1934 and all persons who are members of a national securities exchange. Assessments would be made and the fund would be administered by a newly formed nonprofit, nongovernmental Securities Investor Protection Corp.—SIPC. Under the provisions of this bill, SIPC would assess \$10 million in cash from its members within 120 days of enactment. Another \$65 million in credit would make for an initial aggregate reserve fund of \$75 million. Eventually the fund will grow to \$150 million in cash and will be maintained at that level.

Assessments on member brokers and dealers would be based on one-eighth of 1 percent of gross revenues from the securities business during 1969. On the basis of this formula it is estimated that the initial assessment will net approximately \$7 million, while another \$3 million will accrue to the fund in the form of transfers from other trust funds.

The bill specifies criteria under which SIPC will operate in determining whether one of its members has failed or is in danger of doing so. At that point SIPC would apply to a court of competent jurisdiction for a decree adjudicating that the customers of the member in question are entitled to the protective relief provided in this legislation. Following adjudication, the court would appoint a trustee for the purpose of liquidating the business of the member. SIPC would then advance to the trustee the funds necessary for making prompt payment of the customers' claims, not to exceed \$50,000 for any one customer. The important aspect of this provision

is the prompt payment feature which avoids the lengthy delay which might otherwise result if customers had to wait until the completion of the liquidation proceeding.

Mr. Chairman, I am happy and proud to support this legislation because it will provide the investor with the type of security and protection necessary. You will recall that President Nixon supported this concept in his address to the Nation on economic policy and productivity in June of this year. The bill is especially timely and crucial at this juncture given the financial problems plaguing the securities industry in recent months. I am convinced that this legislation will help to restore confidence in the economy. I therefore urge my colleagues to join with me in supporting this measure.

Mr. VANIK. Mr. Chairman, although this legislation is essential in order to provide a greater degree of security for the investor, I regret that this legislation includes coverage for all registered dealers. It is like issuing a policy of health insurance without an examination. Although most dealers are men of integrity and responsibility, some effort should have been made to qualify covered dealers and to exclude those who deserve exclusion by either prior conduct or other lack of qualification.

It seems to me that the laws relating to the handling of securities should provide for a complete segregation in escrow of the funds paid to a dealer by the purchaser of a security. These funds should be sequestered and held in escrow and perhaps under bond to insure that they are not used by the securities dealer as security for his own debt or for the purchase of securities other than those desired by the purchaser who advanced the purchase money.

It is my hope that this legislation will be accompanied by more detailed legislation outlining the responsibility and insuring the integrity of the security dealer who is provided the benefits of this legislation.

Mr. RARICK. Mr. Chairman, as I understand it, three security investment brokers have gone under, supposedly because of mismanagement, with threatened loss to their stock customers, and we in Congress are being asked to intervene in the business community by passing H.R. 19333 to establish a Securities Investor Protection Corporation to protect stock investors.

One wonders why the Securities Exchange Commission—SEC—has tolerated the commingling of customer trust funds with the moneys of the broker, dealer, and banker so as to allow such incidents to occur. Certainly it seems that if these brokers defrauded their customers they would be criminally liable. Yet, nothing has been said about criminal proceedings nor of any such intended actions to be used as a deterrent to mismanagement of trust funds by other stock brokers, dealers, and bankers.

The only concern appears to be who will dominate on the Corporation Board. In retaining five members from the security exchange business, as against two from the general public, we appear to be

establishing the Corporation as a private club, dominated by people from the same sector who, it is urged, we are trying to protect the investing public from. In many respects, this creation bears the control earmarks of another Federal Reserve type operation, and since the Federal Reserve controls credit and the money market, it will now be able to invade the private investment market.

This bill is clearly special interest legislation. The taxpayers are again being called upon to make good although not all taxpayers are stock investors.

The comparison of the new SIPC to the FIDC is meritorious but there is a considerable variation between the assurance of \$50,000 per investor under this act and the right of the SEC under section 3 to make loans to the SIPC whenever it appears that the Corporation does not have sufficient funds to pay any incurred liabilities.

Most unique is the authority granted in section 3(h) to authorize the SEC to issue to the Secretary of the Treasury notes or other obligations not to exceed \$1 billion for use as a public debt transaction in obtaining funds for loans to the SIPC. No matter how laudable in intent this is creating more credit and is inflationary.

Nowhere in the bill is there any requirement or provision for policing the real cause of the problem, that is, the fleecing of investors by commingling private and trust funds.

We have been led to believe this bill is the answer to the problem, but I dare to suggest it will prove to be nothing more than a subterfuge under which investment brokers, dealers, and bankers will be able to now manipulate taxpayers dollars to cover up their own shortages and mismanagement. It appears to me that this is just another means of establishing Federal control over private enterprise.

I do not feel that this is good legislation and plan to cast my people's vote against it.

Mr. BIAGGI. Mr. Chairman, H.R. 19333, the Securities Investors Protection Act of 1970 will help secure the small investor from financial disaster due to the failure of an investment house.

The bill itself is an excellent example of Government working with industry for the benefit of all concerned. With a corporation as the vehicle for protection—similar to the Federal Deposit Insurance Corporation for bank depositors—public and private interests will join together to protect the customers of registered brokers and dealers and members of national securities exchanges.

The funds for the corporation will come entirely from the industry with standby credit available from the Federal Government. Representatives of the public will serve on the board of directors as well as representatives from the Wall Street firms.

The recent collapse of several Wall Street investment firms clearly emphasizes the urgent need for this legislation. In the recent cases, other firms on the Street were able to take up the obligations of the financially ruined dealers.

But the public has no assurance that this will continue.

The SIPC is designed to meet the contingency where a collapsed firm is unable to meet its obligations. Then, just like savings depositors, investors' assets will be protected. The customer would receive 100 percent of what he was entitled to subject only to a limit of \$50,000 per customer.

This essential step today will help instill greater confidence in the exchanges. Such confidence is necessary if we are to continue to have the capital that is fundamental to the sound operations of the commerce and industry of this Nation.

Mr. SPRINGER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute committee amendment printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 19333

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE; TABLE OF CONTENTS.—This Act, with the following table of contents, may be cited as the "Securities Investor Protection Act of 1970".

TABLE OF CONTENTS

- Sec. 1. Short title, etc.
- (a) Short title; table of contents.
- (b) Section headings.
- Sec. 2. Application of Securities Exchange Act of 1934.
- Sec. 3. Securities Investor Protection Corporation.
- (a) Creation.
- (b) Powers.
- (c) Board of Directors.
- (d) Meetings of Board.
- (e) Bylaws.
- Sec. 4. SIPC Fund.
- (a) In general.
- (b) Initial required balance for fund.
- (c) Assessments.
- (d) Requirements respecting assessments and lines of credit.
- (e) Prior trusts; overpayments and underpayments.
- (f) Borrowing authority.
- (g) SEC loans to SIPC.
- (h) SEC notes issued to Treasury.
- (i) "Gross revenues" defined.
- Sec. 5. Protection of customers.
- (a) Determination of need of protection.
- (b) Court action.
- (c) SEC participation in proceedings.
- Sec. 6. Liquidation proceedings.
- (a) General functions of trustee.
- (b) Rules applicable to liquidation proceedings.
- (c) Application of Bankruptcy Act in proceedings and to trustee.
- (d) Notice.
- (e) SIPC advances to trustee.
- (f) Payments to customers.
- (g) Formal proof of claim.
- (h) Reports by trustee to court.
- (i) Effect of Act on claims.
- Sec. 7. SEC functions.
- (a) Administrative procedure.
- (b) Enforcement of actions.
- (c) Examinations and reports.
- (d) Financial responsibility.
- Sec. 8. Examining authority functions.
- Sec. 9. Functions of self-regulatory organizations.
- (a) Collecting agent.
- (b) Immunity.
- (c) Inspections.
- (d) Reports.

- (e) Consultation.
- (f) Financial condition of members.
- Sec. 10. Prohibited acts.
- (a) Failure to pay assessments, etc.
- (b) Engaging in business after appointment of trustee.
- (c) Embezzlement, etc., of assets of SIPC.
- Sec. 11. Miscellaneous provisions.
- (a) Public inspection of reports.
- (b) Application of Act to foreign members.
- (c) Liability of members of SIPC.
- (d) Liability of SIPC and Directors.
- (e) Advertising.
- (f) SIPC exempt from taxation.
- (g) Section 20(a) of 1934 Act not to apply.
- Sec. 12. Definitions.
- (b) SECTION HEADINGS.—Headings for sections and subsections, and the table of contents, are included only for convenience, and shall be given no legal effect.

SEC. 2. APPLICATION OF SECURITIES EXCHANGE ACT OF 1934.

Except as otherwise provided in this Act, the provisions of the Securities Exchange Act of 1934 (15 U.S.C. sec. 78a and fol.; hereinafter referred to as the "1934 Act") apply as if this Act constituted an amendment to, and was included as a section of, such Act.

SEC. 3. SECURITIES INVESTOR PROTECTION CORPORATION.

(a) CREATION.—There is hereby established a body corporate to be known as "Securities Investor Protection Corporation" (hereafter in this Act referred to as "SIPC"). SIPC shall be a nonprofit corporation and shall have succession until dissolved by act of the Congress. SIPC shall—

(1) not be an agency or establishment of the United States Government;

(2) be a membership corporation the members of which shall be—

(A) all persons registered as brokers or dealers under section 15(b) of the 1934 Act, and

(B) all persons who are members of a national securities exchange,

other than persons whose business as a broker or dealer consists exclusively of (i) the distribution of shares of registered open end investment companies or unit investment trusts, (ii) the sale of variable annuities, (iii) the business of insurance, or (iv) the business of rendering investment advisory services to one or more registered open end investment companies or insurance company separate accounts; and

(3) except as otherwise provided in this Act, be subject to, and have all the powers conferred upon a nonprofit corporation by, the District of Columbia Non-profit Corporation Act (D.C. Code, sec. 29-1001 and fol.).

(b) POWERS.—In addition to the powers granted to SIPC elsewhere in this Act, SIPC shall have the power—

(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel, in any court, State or Federal;

(2) to adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) subject to the provisions of this Act, to adopt, amend, and repeal, by its Board of Directors, bylaws and rules relating to the conduct of its business and the exercise of all other rights and powers granted to it by this Act;

(4) to conduct its business (including the carrying on of operations and the maintenance of offices) and to exercise all other rights and powers granted to it by this Act in any State or other jurisdiction without regard to any qualification, licensing, or other statute in such State or other jurisdiction;

(5) to lease, purchase, accept gifts or donations of or otherwise acquire, to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any prop-

erty, real, personal or mixed, or any interest therein, wherever situated;

(6) subject to the provisions of subsection (c), to elect or appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, require bonds for them and fix the penalty thereof;

(7) to enter into contracts, to execute instruments, to incur liabilities, and to do any and all other acts and things as may be necessary or incidental to the conduct of its business and the exercise of all other rights and powers granted to SIPC by this Act; and

(8) by bylaw, to establish its fiscal year.

(c) BOARD OF DIRECTORS.—

(1) FUNCTIONS.—SIPC shall have a Board of Directors which, subject to the provisions of this Act, shall determine the policies which shall govern the operations of SIPC.

(2) NUMBER AND APPOINTMENT.—

(A) SEVEN-MEMBER BOARD.—Except as provided in subparagraph (B), SIPC shall have a Board of Directors consisting of seven persons as follows:

(i) Two members shall be appointed by the President from the general public.

(ii) Two members shall be appointed by the governing body of the national securities exchange having the highest dollar volume of trading.

(iii) One member shall be appointed by the governing body of the national securities exchange ranking second in dollar volume of trading.

(iv) One member shall be appointed by the national securities association registered pursuant to subsection (b) of section 15A of the 1934 Act (or, if there is more than one such association, by the association having the greatest number of members).

(v) One member shall be appointed by the national securities exchanges other than those referred to in clauses (ii) and (iii). Such member shall be appointed by means of a majority vote in an election (held in such manner as the Commission may prescribe) in which the governing body of each such exchange shall have one vote.

(B) ELEVEN-MEMBER BOARD DURING SEC LOAN PERIOD.—During any SEC loan period (as defined in subparagraph (C)), the Board shall consist of seven members appointed in accordance with subparagraph (A) and four additional members appointed by the President.

(C) SEC LOAN PERIOD.—For purposes of this paragraph, the term "SEC loan period" means a period beginning on the day following the date on which SIPC applies for a loan under section 4(g) and ending on the earlier of the date on which such application is withdrawn by SIPC or the last day on which any portion of a loan under such section 4(g) is outstanding.

(3) TERMS.—

(A) Except as provided in subparagraphs (B), (C), and (D), each director shall be appointed for a term of four years.

(B) Of the directors first appointed under paragraph (2) (A)—

(i) one shall hold office for a term expiring on December 31, 1971,

(ii) two shall hold office for a term expiring on December 31, 1972,

(iii) two shall hold office for a term expiring on December 31, 1973, and

(iv) two shall hold office for a term expiring on December 31, 1974,

as designated by the President at the time they take office. Such designation shall be made in a manner which will assure that no two persons appointed under the authority of the same clause of paragraph (2) (A) shall have terms which expire simultaneously.

(C) A vacancy in the Board shall be filled in the same manner as the original appointment was made. Any director appointed to fill a vacancy occurring prior to the expira-

tion of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A director may serve after the expiration of his term until his successor has taken office (subject to subparagraph (D)).

(D) The terms of all additional members appointed under paragraph (2)(B) shall terminate at the expiration of the SEC loan period.

(4) COMPENSATION, ETC.—All matters relating to compensation of directors and the determination of dollar volume of trading on exchanges shall be as provided in the bylaws of SIPC.

(5) CHAIRMAN.—The Chairman of the Board of Directors shall be elected by the Board of Directors from among its members, and shall serve for a term of one year, except that the term of the Chairman first elected shall expire on a date established by the bylaws of SIPC (but not later than January 31, 1972). The number of consecutive terms for which any person may serve as Chairman shall not exceed two terms (exclusive of any unexpired portion of a term for which his predecessor was elected).

(d) MEETINGS OF BOARD.—The Board of Directors shall meet at the call of its Chairman, or as otherwise provided by the bylaws of SIPC.

(e) BYLAWS.—

(1) As soon as practicable but not later than forty-five days after the date of enactment of this Act, the Board of Directors shall adopt initial bylaws and rules relating to the conduct of the business of SIPC and the exercise of the rights and powers granted to it by this Act, and shall file a copy thereof with the Commission. Thereafter, the Board of Directors may alter, supplement, or repeal any existing bylaw or rule and may adopt additional bylaws and rules, and in each such case shall file a copy thereof with the Commission.

(2) Each such initial bylaw or rule, alteration, supplement, or repeal, and additional bylaw or rule shall take effect upon the thirtieth day (or such later date as SIPC may designate) after the filing of the copy thereof with the Commission or upon such earlier date as the Commission may determine, unless the Commission shall, by notice to SIPC setting forth the reasons therefor, disapprove the same, in whole or in part, as being contrary to the public interest or contrary to the purposes of this Act.

(3) The Commission may, by such rules or regulations as it determines to be necessary or appropriate in the public interest or to effectuate the purposes of this Act, require the adoption, amendment, alteration of, supplement to or rescission of any bylaw or rule by SIPC, whenever adopted.

SEC. 4. SIPC FUND.

(a) IN GENERAL.—

(1) ESTABLISHMENT OF FUND.—SIPC shall establish a "SIPC Fund" (hereinafter in this Act referred to as the "fund"). All amounts received by SIPC (other than amounts paid directly to any lender pursuant to any pledge securing a borrowing by SIPC) shall be deposited in the fund, and all expenditures made by SIPC shall be made out of the fund.

(2) BALANCE OF THE FUND.—The balance of the fund at any time shall consist of the aggregate at such time of the following items:

- (A) Cash on hand or on deposit.
- (B) Amounts invested in United States Government or agency securities.
- (C) Confirmed lines of credit.

(3) CONFIRMED LINES OF CREDIT.—For purposes of this section, the amount of confirmed lines of credit as of any time is the aggregate amount which SIPC at such time has the right to borrow from banks and other financial institutions under confirmed lines of credit or other written agreements which provide that moneys so borrowed are to be repayable by SIPC not less than one

year from the time of such borrowings (including, for purposes of determining when such moneys are repayable, all rights of extension, refunding, or renewal at the election of SIPC).

(b) INITIAL REQUIRED BALANCE FOR FUND.—Within one hundred and twenty days from the date of enactment of this Act, the balance of the fund shall aggregate not less than \$75,000,000, less any amounts expended from the fund within that period.

(c) ASSESSMENTS.—

(1) INITIAL ASSESSMENTS.—Each member of SIPC shall pay to SIPC, or the collection agent for SIPC specified in section 9(a), on or before the one hundred and twentieth day following the date of enactment of this Act, an assessment equal to one-eighth of 1 per centum of the gross revenues from the securities business of such member during the calendar year 1969, or if the Commission shall determine that, for purposes of assessment pursuant to this paragraph, a lesser percentage of gross revenues from the securities business is appropriate for any class or classes of members (taking into account relevant factors, including but not limited to types of business done and nature of securities sold), such lesser percentages as the Commission, by rule or regulation, shall establish for such class or classes, but in no event less than one-sixteenth of 1 per centum for any such class. In no event shall any assessment upon a member pursuant to this paragraph be less than \$250.

(2) GENERAL ASSESSMENT AUTHORITY.—SIPC shall, by bylaw or rule, impose upon its members such assessments as, after consultation with self-regulatory organizations, SIPC may deem necessary and appropriate to establish and maintain the fund and to repay any borrowings by SIPC. Any assessments so made shall be in conformity with contractual obligations made by SIPC in connection with any borrowing incurred by SIPC. Subject to paragraph (3) and subsection (d) (1) (A), any such assessment upon the members, or any one or more classes thereof, may, in whole or in part, be based upon or measured by (A) the amount of their gross revenues from the securities business, or (B) all or any of the following factors: the amount or composition of their gross revenues from the securities business, the number or dollar volume of transactions effected by them, the number of customer accounts maintained by them or the amounts of cash and securities in such accounts, their net capital, the nature of their activities (whether in the securities business or otherwise) and the consequent risks, or other relevant factors.

(3) LIMITATIONS.—Notwithstanding any other provision of this Act—

(A) no assessment shall be made upon a member otherwise than pursuant to paragraph (1) or (2) of this subsection,

(B) no assessments shall be made pursuant to paragraph (2) of this subsection upon a member which require payments during any twelve-month period which exceed in the aggregate one-half of 1 per centum of such member's gross revenues from the securities business for such period,

(C) no assessment shall include any charge based upon the member's activities (i) in the distribution of shares of registered open end investment companies or unit investment trusts, (ii) in the sale of variable annuities, (iii) in the business of insurance, or (iv) in the business of rendering investment advisory services to one or more registered open end investment companies or insurance company separate accounts, and

(D) no assessment shall include any charge based upon the activities in the capacity of agent for the Federal Reserve Board in the distribution of bonds, bills or notes of the United States Treasury by any member formally recognized as a reporting dealer by the Federal Reserve Board.

(d) REQUIREMENTS RESPECTING ASSESSMENTS AND LINES OF CREDIT.—

(1) ASSESSMENTS.—

(A) $\frac{1}{2}$ OF 1 PERCENT ASSESSMENT.—SIPC shall impose upon each of its members an assessment at a rate of one-half of 1 per centum per annum of the gross revenues from the securities business of such member—

(i) until the balance of the fund aggregates not less than \$150,000,000 (or such greater amount as the Commission may determine in the public interest),

(ii) during any period when there is outstanding borrowing by SIPC pursuant to subsection (f) or subsection (g) of this section, and

(iii) whenever the balance of the fund (exclusive of confirmed lines of credit) is below \$100,000,000.

(B) $\frac{1}{4}$ OF 1 PERCENT ASSESSMENT.—During any period during which—

(i) the balance of the fund (exclusive of confirmed lines of credit) aggregates less than \$150,000,000 (or such greater amount as the Commission has determined under paragraph (2)(B)), or

(ii) SIPC is required under paragraph (2)(B) to phase out of the fund all confirmed lines of credit,

SIPC shall endeavor to make assessments in such a manner that the aggregate assessments payable by its members during such period shall not be less than one-fourth of 1 per centum per annum of the aggregate gross revenues from the securities business for such members during such period.

(2) LINES OF CREDIT.—

(A) \$50,000,000 LIMIT AFTER 1973.—After December 31, 1973, confirmed lines of credit shall not constitute more than \$50,000,000 of the balance of the fund.

(B) PHASEOUT REQUIREMENT.—When the balance of the fund aggregates \$150,000,000 (or such greater amount as the Commission may determine in the public interest) SIPC shall phase out of the fund all confirmed lines of credit.

(e) PRIOR TRUSTS; OVERPAYMENTS AND UNDERPAYMENTS.—

(1) PRIOR TRUSTS.—There may be contributed and transferred at any time to SIPC any funds held by any trust established by a self-regulatory organization prior to January 1, 1970, and the amounts so contributed and transferred shall be applied, as may be determined by SIPC with approval of the Commission, as a reduction in the amounts payable pursuant to assessments made or to be made by SIPC upon members of such self-regulatory organization pursuant to subsection (c) (2). No such reduction shall be made at any time when there is outstanding any borrowing by SIPC pursuant to subsection (g) of this section or any borrowings under confirmed lines of credit.

(2) OVERPAYMENTS.—To the extent that any payment by a member exceeds the maximum rate permitted by subsection (c) of this section, the excess shall not be recoverable except against future payments by such member in accordance with a bylaw or rule of SIPC.

(3) UNDERPAYMENTS.—If a member fails to pay when due all or any part of an assessment made upon such member, the unpaid portion thereof shall bear interest at such rate as may be determined by SIPC by bylaw or rule.

(f) BORROWING AUTHORITY.—SIPC shall have the power to borrow moneys and to evidence such borrowed moneys by the issuance of bonds, notes, or other evidences of indebtedness, all upon such terms and conditions as the Board of Directors may determine in the case of a borrowing other than pursuant to subsection (g) of this section, or as may be prescribed by the Commission in the case of a borrowing pursuant to subsection (g). The interest payable on a borrowing pursuant to subsection (g)

shall be equal to the interest payable on the related notes or other obligations issued by the Commission to the Secretary of the Treasury. To secure the payment of the principal of, and interest and premium, if any, on, all bonds, notes, or other evidences of indebtedness so issued, SIPC may make agreements with respect to the amount of future assessments to be made upon members and may pledge all or any part of the assets of SIPC and of the assessments made or to be made upon members. Any such pledge of future assessments shall (subject to any prior pledge) be valid and binding from the time that it is made, and the assessments so pledged and thereafter received by SIPC, or any examining authority as collection agent for SIPC, shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding against all parties having claims of any kind against SIPC or such collection agent whether pursuant to this Act, in tort, contract or otherwise, irrespective of whether such parties have notice thereof. During any period when a borrowing by SIPC pursuant to subsection (g) of this section is outstanding, no pledge of any assessment upon a member to secure any bonds, notes, or other evidences of indebtedness issued other than pursuant to subsection (g) of this section shall be effective as to the excess of the payments under the assessment on such member during any twelve-month period over one-fourth of 1 per centum of such member's gross revenues from the securities business for such period. Neither the instrument by which a pledge is authorized or created, nor any statement or other document relative thereto, need be filed or recorded in any State or other jurisdiction. The Commission may by rule or regulation provide for the filing of any instrument by which a pledge or borrowing is authorized or created, but the failure to make or any defect in any such filing shall not affect the validity of such pledge or borrowing.

(g) SEC LOANS TO SIPC.—In the event that the fund is or may reasonably appear to be insufficient for the purposes of this Act, the Commission is authorized to make loans to SIPC. No such loan may be made unless the four additional members of the Board of Directors of SIPC have been appointed under section 3(c)(2)(B). At the time of application for, and as a condition to, any such loan, SIPC shall file with the Commission a statement with respect to the anticipated use of the proceeds of the loan. If the Commission determines that such loan is necessary for the protection of customers of brokers or dealers and the maintenance of confidence in the United States securities markets and that SIPC has submitted a plan which provides as reasonable an assurance of prompt repayment as may be feasible under the circumstances, then the Commission shall so certify to the Secretary of the Treasury, and issue notes or other obligations to the Secretary of the Treasury pursuant to subsection (h). If the Commission determines that the amount or time for payment of the assessments pursuant to such plan would not satisfactorily provide for the repayment of such loan, it may, by rules and regulations, impose upon the purchasers of equity securities in transactions on national securities exchanges and in the over-the-counter markets a transaction fee in such amount as at any time or from time to time it may determine to be appropriate, but not exceeding one-fiftieth of 1 per centum of the purchase price of the securities. No such fee shall be imposed on a transaction (as defined by rules or regulations of the Commission) of less than \$5,000. For the purposes of the next preceding sentence, (A) the fee shall be based upon the total dollar amount of each purchase; (B) the fee shall

not apply to any purchase on a national securities exchange or in an over-the-counter market by or for the account of a broker or dealer registered under section 15(b) of the 1934 Act or a member of a national securities exchange unless such purchase is for an investment account of such broker, dealer, or member (and for this purpose any transfer from a trading account to an investment account shall be deemed a purchase at fair market value); and (C) the Commission by rules and regulations may exempt any transaction in the over-the-counter markets in order to provide for the assessment of fees on purchasers in transactions in those markets on a basis comparable to the assessment of fees on purchasers in transactions on national securities exchanges. Such fee shall be collected by the broker or dealer effecting the transaction for or with the purchaser and shall be paid to SIPC in the same manner as assessments imposed pursuant to subsection (c).

(h) SEC NOTES ISSUED TO TREASURY.—To enable the Commission to make loans under subsection (g), the Commission is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount of not to exceed \$1,000,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury may reduce the interest rate if he determines such reduction to be in the national interest. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he 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 amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(i) "GROSS REVENUES" DEFINED.—

(1) IN GENERAL.—For purposes of this Act, the term "gross revenues from the securities business" means the sum of (but without duplication):

(A) commissions earned in connection with transactions in securities effected for customers as agent (net of commissions paid to other brokers and dealers in connection with such transactions, and excluding any commission earned, in the capacity of agent for the Federal Reserve Board, in connection with the distribution of bonds, bills, or notes of the United States Treasury by any member formally recognized as a reporting dealer by the Federal Reserve Board) and markups in respect of purchases or sales of securities as principal,

(B) charges for executing or clearing transactions in securities for other brokers and dealers,

(C) the net realized gain, if any, from principal transactions in securities in trading accounts,

(D) the net profit, if any, from the management of or participation in the underwriting or distribution of securities,

(E) interest earned on customers' securities accounts.

(F) fees for investment advisory services (except when rendered to one or more regis-

tered open end investment companies or insurance company separate accounts) or account supervision in respect of securities, (G) fees for the solicitation of proxies with respect to, or tenders or exchanges of, securities,

(H) income from service charges or other surcharges in respect of securities,

(I) except as otherwise provided by rule or regulation of the Commission, dividends and interest received on securities in investment accounts of the broker or dealer,

(J) fees in connection with put, call, and other option transactions in securities, and

(K) fees and other income for all other investment banking services.

Such term does not include revenues received by a broker or dealer in connection with the distribution of shares of a registered open end investment company or unit investment trust or revenues derived by a broker or dealer from the sale of variable annuities or from the conduct of the business of insurance.

(2) SECURITIES.—For purposes of paragraph (1), the term "securities" does not include any interests in real estate or oil, gas, or other mineral right unless such interests or rights have been registered under the Securities Act of 1933.

(3) CONSOLIDATED GROUP.—Except as otherwise provided by SIPC by bylaw or rule, gross revenues from the securities business of a broker or dealer shall be computed on a consolidated basis for such broker or dealer and all its subsidiaries, and the operations of a broker or dealer shall include those of any business to which such broker or dealer has succeeded.

(4) MEANING OF TERMS NOT DEFINED.—SIPC may by bylaw or rule define all terms used in this subsection insofar as such definitions are not inconsistent with the provisions of this subsection.

SEC. 5. PROTECTION OF CUSTOMERS.

(a) DETERMINATION OF NEED OF PROTECTION.—

(1) NOTICE TO SIPC.—If the Commission or any self-regulatory organization is aware of facts which lead it to believe that any broker or dealer subject to its regulation is in or is approaching financial difficulty, it shall immediately notify SIPC, and, if such notification is by a self-regulatory organization, the Commission.

(2) ACTION BY SIPC.—If SIPC determines that any member has failed or is in danger of failing to meet its obligations to customers and that there exists one or more of the conditions specified in subsection (b)(1)(A), SIPC, upon notice to such member, may apply to any court of competent jurisdiction specified in section 27 or 21(e) of the 1934 Act for a decree adjudicating that customers of such member are in need of the protection provided by this Act.

(3) EFFECT OF OTHER PENDING ACTIONS.—An application under paragraph (2)—

(A) with the consent of the Commission, may be combined with any action brought by the Commission including an action by it for a temporary receiver pending an appointment of a trustee under subsection (b)(3), and

(B) may be filed notwithstanding the pendency in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceeding or any proceeding to reorganize, conserve, or liquidate such member or its property, or any proceeding to enforce a lien against property of such member.

(b) COURT ACTION.—

(1) ISSUANCE OF DECREE.—

(A) FINDINGS BY COURT.—A court to which application is made pursuant to subsection (a)(2) shall grant the application and issue a decree adjudicating that customers of the member named in the application are in need of protection under this Act if it finds that such member—

(i) is insolvent within the meaning of section 1(19) of the Bankruptcy Act, or is unable to meet its obligations as they mature, or

(ii) has committed an act of bankruptcy within the meaning of section 3 of the Bankruptcy Act, or

(iii) is the subject of a proceeding pending any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such member has been appointed, or

(iv) is not in compliance with applicable requirements under the 1934 Act or rules or regulations of the Commission or any self-regulatory organization with respect to financial responsibility or hypothecation of customers' securities, or

(v) is unable to make such computations as may be necessary to establish compliance with such financial responsibility or hypothecation rules or regulations.

(B) UNCONTESTED, ETC., APPLICATIONS.—If within three business days after the filing of an application pursuant to subsection (a) (2), or such other period as the court may order, the debtor shall consent to or fail to contest such application or shall fail to show facts sufficient to controvert any material allegation of such application, the court shall forthwith grant the application and issue a decree adjudicating that customers of the member named in the application are in need of protection under this Act.

(2) EXCLUSIVE JURISDICTION OVER DEBTOR.—Upon the filing of an application pursuant to subsection (a) (2), the court to which application is made shall have exclusive jurisdiction of the debtor involved and its property wherever located with the powers, to the extent consistent with the purposes of this Act, of a court of bankruptcy and of a court in a proceeding under chapter X of the Bankruptcy Act. Pending an adjudication under paragraph (1) such court shall stay, and upon appointment by it of a trustee as provided in paragraph (3) such court shall continue the stay of, any pending bankruptcy, mortgage foreclosure, equity receivership, or other proceeding to reorganize, conserve, or liquidate the debtor or its property and any other suit against any receiver, conservator, or trustee of the debtor or its property. Pending such adjudication and upon the appointment by it of such trustee, the court may stay any proceeding to enforce a lien against property of the debtor or any other suit against the debtor. Pending such adjudication, such court may appoint a temporary receiver.

(3) APPOINTMENT OF TRUSTEE.—If the court grants an application and makes an adjudication under paragraph (1), the court shall forthwith appoint as trustee for the liquidation of the business of the debtor in accordance with section 6, and as attorney for such trustee, such persons as SIPC shall specify. No person shall be appointed as such trustee or attorney if such person is not "disinterested" within the meaning of section 158 of the Bankruptcy Act.

(4) DEBTOR AND FILING DATE DEFINED.—For purposes of this Act—

(A) DEBTOR.—The term "debtor" means a member of SIPC in respect of whom an application has been filed pursuant to subsection (a) (2).

(B) FILING DATE.—The term "filing date" means the date on which an application with respect to any debtor is filed under subsection (a) (2); except that if—

(i) a petition was filed before such date by or against the debtor under the Bankruptcy Act, or

(ii) the debtor is the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such debtor was appointed which proceeding was commenced before the date on which such application was filed,

then the term "filing date" means the date on which such petition was filed or such proceeding commenced.

(c) SEC PARTICIPATION IN PROCEEDINGS.—The Commission may, on its own motion, file notice of its appearance in any proceedings under this Act and may thereafter participate as a party.

SEC. 6. LIQUIDATION PROCEEDINGS.

(a) GENERAL FUNCTIONS OF TRUSTEE.—In any proceeding in which a trustee has been appointed under section 5(b) (3) to liquidate the business of the debtor (hereafter in this section referred to as "liquidation proceeding"), the trustee shall:

(1) as promptly as practicable after his appointment, in accordance with the provisions of this section—

(A) return specifically identifiable property to the customers of the debtor entitled thereto;

(B) distribute the single and separate fund, and (in advance thereof or concurrently therewith) pay to customers moneys advanced by SIPC, as provided in subsection (f);

(2) operate the business of the debtor to complete those contractual commitments of the debtor relating to transactions in securities which were made in the ordinary course of the debtor's business and which were outstanding on the filing date—

(A) in which a customer had an interest, except those commitments the completion of which the Commission shall have determined by rule or regulation not to be in the public interest; or

(B) in which a customer did not have an interest, to the extent that the Commission shall, by rule or regulation, have determined the completion of such commitments to be in the public interest;

(3) enforce rights of subrogation as provided in this Act; and

(4) liquidate the business of the debtor.

For purposes of paragraph (2) of this subsection but not for any other purpose of this Act, (i) the term "customer" means any person other than a broker or dealer, and (ii) a customer shall be deemed to have had an interest in a transaction if a broker participating in the transaction was acting as agent for a customer, or if a dealer participating in the transaction held a customer's order which was to be executed as a part or result of the transaction.

(b) RULES APPLICABLE TO LIQUIDATION PROCEEDINGS.—For purposes of any liquidation proceeding:

(1) DEFINITIONS.—Terms used or defined in section 60e of the Bankruptcy Act shall have the same meanings as in that Act, except—

(A) the term "stockbroker", as used in section 60e of the Bankruptcy Act, shall mean the debtor, and

(B) the term "customer" shall include also persons with whom the debtor deals as principal or agent and any person who has deposited cash with the debtor for the purpose of purchasing securities, but shall not include any person to the extent that such person has a claim for property which by contract, agreement, or understanding, or by operation of law, is part of the capital of the debtor or is subordinated to the claims of creditors of the debtor.

(2) RIGHTS OF CUSTOMERS AND SUBROGEEES.—Customers and their subrogees shall have all rights to reclaim specifically identifiable property, and all other rights and priorities, provided for in said section 60e, and shall have the additional rights provided by this Act.

(3) COMPLETION OF OPEN CONTRACTUAL COMMITMENTS.—All property held, recoverable, or receivable by or for the account of the debtor (except for cash or securities specifically identifiable as the property of particular customers), and all property in the single and separate fund, shall be avail-

able to complete open contractual commitments pursuant to this section. Securities purchased or cash received by the trustee upon the completion of any such commitment shall constitute specifically identifiable property of a customer to the extent that such commitment was completed with property which constituted specifically identifiable property of such customer on the filing date, or was paid or delivered by such customer to the debtor or the trustee after the filing date.

(4) DISTRIBUTION OF SINGLE AND SEPARATE FUND.—In, or for the purpose of, distributing the single and separate fund—

(A) all property other than cash shall be valued as of the close of business on the filing date,

(B) there shall be repaid to SIPC, in priority to all other claims payable from such single and separate fund, the amount of all advances made by SIPC to the trustee to permit the completion of open contractual commitments as provided in this section.

(C) there shall be paid from such single and separate fund all costs and expenses specified in clauses (1) and (2) of sections 64a of the Bankruptcy Act, except as otherwise ordered by the court, and any moneys advanced by SIPC for such costs and expenses shall be recouped as such, and

(D) to the greatest extent considered practicable by the trustee, the trustee shall deliver in payment of claims of customers for their net equities based upon securities held in their accounts on the filing date, securities of the same class and series of an issuer ratably up to the respective amounts which were held in such accounts.

(5) SPECIFIC IDENTIFICATION OF PROPERTY.—

In determining whether particular customers are able to identify specifically their property, whether property remained in its identical form in the debtor's possession, or whether such property or any substitutes therefor have been allocated to or physically set aside for such customers, and remained so allocated or set aside, it shall be sufficient on the filing date:

(A) securities are segregated individually, or in bulk for customers collectively;

(B) in the case of securities held for the account of the debtor as part of any central certificate service of any clearing corporation or any similar depository—

(i) the records of the debtor show or there is otherwise established to the satisfaction of the trustee that all or a specified part of the securities held by such clearing corporation or other similar depository are held for specified customers, or for customers collectively, and

(ii) such records of the debtor also show or there is otherwise established to the satisfaction of the trustee the identities of the particular customers entitled to receive specified numbers or units of such securities so held for customers collectively; or

(C) such property is held for the account of customers of the debtor in such other manner as the Commission, for the protection of customers and other creditors on a fair and equitable basis, by rule or regulation shall have determined to be sufficiently identifiable as the property of such customers.

If there is any shortage in securities of the same class and series of an issuer so segregated in the bulk or otherwise held for customers pursuant to the preceding subparagraphs, as compared to the aggregate rights of particular customers to receive securities of such class and series, the respective interests of such customers in such securities of such class and series shall be prorated, without prejudice, however, to the satisfaction of any claim for deficiencies as otherwise provided in this section.

(c) APPLICATION OF BANKRUPTCY ACT IN PROCEEDINGS AND TO TRUSTEE.—

(1) TRUSTEE POWERS.—A trustee appointed pursuant to this Act shall be vested with the

same powers and title with respect to the debtor and the property of the debtor, and the same rights to avoid preferences, as a trustee in bankruptcy and a trustee under chapter X of the Bankruptcy Act have with respect to a bankrupt and a chapter X debtor: *Provided*, That the trustee shall have the right—

(A) with the approval of SIPC to hire and fix the compensation of all personnel (including officers and employees of the debtor and of its examining authority) and other persons (including but not limited to accountants) that are deemed necessary to liquidate the business of the debtor and for the other purposes of a liquidation proceeding, and

(B) to operate the business of the debtor in order to complete open contractual commitments as provided in subsection (a) (2), and no approval of the court shall be required therefor.

(2) **TRUSTEE DUTIES.**—Except as inconsistent with the provisions of this Act or otherwise ordered by the court, a trustee appointed pursuant to this Act shall be subject to the same duties as a trustee appointed under section 44 of the Bankruptcy Act; except that a trustee appointed pursuant to this Act may, but shall have no duty to, reduce to money any securities in the estate of the debtor.

(3) **APPLICATION OF BANKRUPTCY ACT.**—Except as inconsistent with the provisions of this Act and except that in no event shall a plan of reorganization be formulated, liquidation proceedings shall be conducted in accordance with, and as though they were being conducted under, the provisions of chapter X and such of the provisions of chapter I to VII inclusive, of the Bankruptcy Act as section 102 of chapter X would make applicable if an order of the court had been entered directing that bankruptcy be proceeded with pursuant to the provisions of such chapters I to VII, inclusive; except that the court may, for such period as may be appropriate, stay enforcement of, but shall not abrogate, the rights provided in section 68 of the Bankruptcy Act and the right to enforce a valid, nonpreferential lien against property of the debtor. For purposes of applying the Bankruptcy Act in carrying out this section, any reference in the Bankruptcy Act to the date of commencement of proceedings under the Bankruptcy Act shall be deemed to be a reference to the filing date (as defined in section 5(b) (4) (B)).

(d) **NOTICE.**—Promptly after his appointment, the trustee shall cause notice of the commencement of proceedings under this section to be published in accordance with a designation of the court, made in accordance with the requirements of section 28 of the Bankruptcy Act and at the same time shall cause to be mailed a copy of such notice to each of the customers of the debtor as their addresses shall appear from the debtor's books and records. Except as the trustee may otherwise permit, claims for specifically identifiable property (other than securities registered in the name of the claimant or segregated for him in his individual name) or claims payable from property in the single and separate fund or payable with moneys advanced by SIPC, shall not be paid other than from the general estate of the debtor unless filed within such period of time (not exceeding sixty days after such publication) as may be fixed by the court, and no claim shall be allowed after the time specified in section 57 of the Bankruptcy Act. Subject to the foregoing, and without limiting the powers and duties of the trustee to discharge promptly obligations as specified in this section, the court may make appropriate provision for proof and enforcement of all claims against the debtor including those of any subrogee.

(e) **SIPC ADVANCES TO TRUSTEE.**—

(1) **ADVANCES FOR CUSTOMERS CLAIMS.**—In order to provide for prompt payment and satisfaction of the net equities of customers of debtor, SIPC shall advance to the trustee such moneys as may be required to pay or otherwise satisfy claims in full of each customer, but not to exceed \$50,000 for such customer *Provided*, That:

(A) a customer who holds accounts with the debtor in separate capacities shall be deemed to be a different customer in each capacity;

(B) no such advance shall be made by SIPC to the trustee to pay or otherwise satisfy, directly or indirectly, any claims of any customer who is a general partner, officer, or director of the debtor, the beneficial owner of 5 per centum or more of any class of equity security of the debtor (other than a nonconvertible stock having fixed preferential dividend and liquidation rights) or limited partner with a participation of 5 per centum or more in the net assets or net profits of the debtor;

(C) no such advance shall be made by SIPC to the trustee to pay or otherwise satisfy claims of any customer who is a broker or dealer or bank other than to the extent that it shall be established to the satisfaction of the trustee, from the books and records of the debtor or from the books and records of a broker or dealer or bank or otherwise, that claims of such broker or dealer or bank against the debtor arise out of transactions for customers of such broker or dealer or bank, in which event, each such customer of such broker or dealer or bank shall be deemed a separate customer of the debtor; and

(D) to the extent that moneys are advanced by SIPC to the trustee to pay the claims of customers, SIPC shall be subrogated to the claims of such customers with the rights and priorities above provided in this subsection.

(2) **TRUSTEE EXPENSES.**—SIPC may advance to the trustee such moneys as may be required to effectuate subsection (c) (1) (A). SIPC shall advance to the trustee such moneys as (with those available pursuant to subsection (b) (3)) may be required to effectuate subsection (c) (1) (B).

(f) **PAYMENTS TO CUSTOMERS.**—It shall be the due of the trustee to discharge promptly, in accordance with the provisions of this section, all obligations of the debtor to each of its customers relating to, or net equities based upon, securities or cash by the delivery of securities or the effecting of payments to such customers (subject to subsection (e) (1)), to the extent that such payments are made out of advances from SIPC under such subsection) insofar as such obligations are ascertainable from the books and records of the debtor or are otherwise established to the satisfaction of the trustee, whether or not such customer shall have filed formal proof of such claim. For that purpose the court among other things shall—

(1) in respect of claims relating to securities or cash, authorize the trustee to make payment out of moneys made available to the trustee by SIPC notwithstanding the fact that there shall not have been any showing or determination that there are sufficient funds of the debtor available to make such payment; and

(2) in respect of claims relating to, or net equities based upon, securities of a class and series of an issuer, which are ascertainable from the books and records of the debtor or are otherwise established to the satisfaction of the trustee, authorize the trustee to deliver securities of such class and series if and to the extent available to satisfy such claims in whole or pro rata in part.

Any payment or delivery of property pursuant to this subsection may be conditioned upon the trustee requiring claimants to execute in a form to be determined by the

trustee, appropriate receipts, supporting affidavits, and assignments, but shall be without prejudice to the right of any claimant to file formal proof of claim within the period specified in subsection (d) for any balance of securities or cash to which he may deem himself entitled.

(g) **FORMAL PROOF OF CLAIM.**—The provisions of this section permitting discharge of obligations of the debtor to pay cash or to deliver securities without formal proof of claim shall not apply to any person "associated" with the debtor as defined in section 3(a) (18) of the 1934 Act, to any beneficial owner of 5 per centum or more of the voting stock of the debtor, or to any member of the immediate family of any of the foregoing.

(h) **REPORTS BY TRUSTEE TO COURT.**—All reports to the court by a trustee in any liquidation proceeding (other than reports required to be filed pursuant to section 167 (3) of the Bankruptcy Act) shall be in such form and detail as, having due regard to the requirements of section 17 of the 1934 Act and the rules and regulations thereunder and the magnitude of items and transactions involved in connection with the operations of a broker or dealer, the Commission shall determine, by rules and regulations to present fairly the results of such proceeding as at the dates or for the periods covered by such reports.

(i) **EFFECT OF ACT ON CLAIMS.**—Except as otherwise provided in this section, nothing in this Act shall limit the right of any person to establish by formal proof such claims as such person may have to payment, or to delivery of specific securities, without resort to moneys advanced by SIPC to the trustee.

SEC. 7. SEC FUNCTIONS.

(a) **ADMINISTRATIVE PROCEDURE.**—Determinations of the Commission, for purposes of making rules or regulations pursuant to section 3(e) and section 9(f) shall be after appropriate notice and opportunity for a hearing, and for submission of views of interested persons, in accordance with the rulemaking procedures specified in section 553 of title 5, United States Code, but the holding of a hearing shall not prevent adoption of any such rule or regulation upon expiration of the notice period specified in subsection (d) of such section and shall not be required to be on a record within the meaning of subchapter II of chapter 5 of such title.

(b) **ENFORCEMENT OF ACTIONS.**—In the event of the refusal of SIPC to commit its funds or otherwise to act for the protection of customers of any member of SIPC, the Commission may apply to the district court of the United States in which the principal office of SIPC is located for an order requiring SIPC to discharge its obligations under this Act and for such other relief as the court may deem appropriate to carry out the purposes of this Act.

(c) EXAMINATIONS AND REPORTS.—

(1) **EXAMINATION OF SIPC, ETC.**—The Commission may make such examinations and inspections of SIPC and require SIPC to furnish it with such reports and records or copies thereof as the Commission may consider necessary or appropriate in the public interest or to effectuate the purposes of this Act.

(2) **REPORTS FROM SIPC.**—As soon as practicable after the close of each fiscal year, SIPC shall submit to the Commission a written report relative to the conduct of its business, and the exercise of the other rights and powers granted by this Act, during such fiscal year. Such report shall include financial statements setting forth the financial position of SIPC at the end of such fiscal year and the results of its operations (including the source and application of its funds) for such fiscal year. The financial statements so

included shall be examined by an independent public accountant or firm of independent public accountants, selected by SIPC and satisfactory to the Commission, and shall be accompanied by the report thereon of such accountant or firm. The Commission shall transmit such report to the President and the Congress with such comment thereon as the Commission may deem appropriate.

(d) **FINANCIAL RESPONSIBILITY.**—Section 15(c)(3) of the Securities Exchange Act of 1934 is amended to read as follows:

"(3) No broker or dealer shall make use of the mails or of any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills) in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors to provide safeguards with respect to the financial responsibility and related practices of brokers and dealers."

SEC. 8. EXAMINING AUTHORITY FUNCTIONS.

Each member of SIPC shall file with such member's examining authority such information (including reports of, and information with respect to, the gross revenues from the securities business of such member, including the composition thereof, transactions in securities effected by such member, and other information with respect to such member's activities, whether in the securities business or otherwise, including customer accounts maintained, net capital employed, and activities conducted) as SIPC may determine to be necessary or appropriate for the purpose of making assessments under section 4. The examining authority shall file with SIPC all or such part of such information (and such compilations and analyses thereof) as SIPC, by bylaw or rule, shall prescribe. No application, report, or document filed pursuant to this section shall be deemed to be filed pursuant to section 18 if the 1934 Act.

SEC. 9. FUNCTIONS OF SELF-REGULATORY ORGANIZATIONS.

(a) **COLLECTING AGENT.**—Each self-regulatory organization shall act as collection agent for SIPC to collect the assessments payable by all members of SIPC for whom such self-regulatory organization is the examining authority, and members of SIPC who are not members of any self-regulatory organization shall make payment direct to SIPC. An examining authority shall be obligated to remit to SIPC assessments made under section 4 only to the extent that payments of such assessments are received by such examining authority.

(b) **IMMUNITY.**—No self-regulatory organization shall have any liability to any person for any action taken or omitted in good faith pursuant to section 5(a)(1).

(c) **INSPECTIONS.**—The self-regulatory organization of which a member of SIPC is a member shall inspect or examine such member for compliance with applicable financial responsibility rules, except that if a member of SIPC is a member of more than one self-regulatory organization, SIPC shall designate one of such self-regulatory organizations to inspect or examine such member of SIPC for compliance with applicable financial responsibility rules. Such self-regulatory organization shall be selected by SIPC on the basis of regulatory procedures employed, availability of staff, convenience of location, and such other factors as SIPC may consider appropriate for the protection of customers of its members.

(d) **REPORTS.**—There shall be filed with SIPC by the self-regulatory organizations such reports of inspections or examinations of the members of SIPC (or copies thereof) as may be designated by SIPC by bylaw or rule.

(e) **CONSULTATION.**—SIPC shall consult

and cooperate with the self-regulatory organizations toward the end:

(1) that there may be developed and carried into effect procedures reasonably designed to detect approaching financial difficulty upon the part of any member of SIPC;

(2) that, as nearly as may be practicable, examinations to ascertain whether members of SIPC are in compliance with applicable financial responsibility rules will be conducted by the self-regulatory organizations under appropriate standards (both as to method and scope) and reports of such examinations will, where appropriate, be standard in form; and

(3) that, as frequently as may be practicable under the circumstances, each member of SIPC will file financial information with, and be examined by, the self-regulatory organization which is the examining authority for such member.

(f) **FINANCIAL CONDITION OF MEMBERS.**—Notwithstanding the limitations contained in sections 15A and 19 of the 1934 Act and without limiting its powers under those or other sections of the 1934 Act, the Commission may by such rules or regulations as it determines to be necessary or appropriate in the public interest and to effectuate the purposes of this Act—

(1) require any self-regulatory organization to adopt any specified alteration of or supplement to its rules, practices, and procedures with respect to the frequency and scope of inspections and examinations relating to the financial condition of members of such self-regulatory organization and the selection and qualification of examiners;

(2) require any self-regulatory organization to furnish SIPC and the Commission with reports and records or copies thereof relating to the financial condition of members of such self-regulatory organization; and

(3) require any self-regulatory organization to inspect or examine any members of such self-regulatory organization in relation to the financial condition of such members. In the case of a broker or dealer who is a member of more than one self-regulatory organization, the Commission, to the extent practicable, shall avoid requiring duplication of examinations, inspections, and reports.

SEC. 10. PROHIBITED ACTS.

(a) **FAILURE TO PAY ASSESSMENT, ETC.**—If a member of SIPC shall fail to file any report or information required pursuant to this Act, or shall fail to pay when due all or any part of an assessment made upon such member pursuant to this Act, and such failure shall not have been cured, by the filing of such report or information or by the making of such payment, together with interest thereon, within five days after receipt by such member of written notice of such failure given by or on behalf of SIPC, it shall be unlawful for such member, unless specifically authorized by the Commission, to engage in business as a broker or dealer. If such member denies that he owes all or any part of the amount specified in such notice, he may after payment of the full amount so specified commence an action against SIPC in the appropriate United States district court to recover the amount he denies owing.

(b) **ENGAGING IN BUSINESS AFTER APPOINTMENT OF TRUSTEE.**—It shall be unlawful for any broker or dealer for whom a trustee has been appointed pursuant to this Act to engage thereafter in business as a broker or dealer, unless the Commission otherwise determines in the public interest. The Commission may by order bar or suspend for any period, any officer, director, general partner, owner of 10 per centum or more of the voting securities, or controlling person of any broker or dealer for whom a trustee has been appointed pursuant to this Act from being or becoming associated with a broker or dealer, if after appropriate notice and opportunity

for hearing, the Commission shall determine such bar or suspension to be in the public interest.

(c) **EMBEZZLEMENT, ETC., OF ASSETS OF SIPC.**—Whoever steals, unlawfully abstracts, unlawfully and willfully converts to his own use or to the use of another, or embezzles any of the moneys, securities, or other assets of SIPC shall be fined not more than \$50,000 or imprisoned not more than five years or both.

SEC. 11. MISCELLANEOUS PROVISIONS.

(a) **PUBLIC INSPECTION OF REPORTS.**—Any notice, report, or other document filed with SIPC pursuant to this Act shall be available for public inspection unless SIPC or the Commission shall determine that disclosure thereof is not in the public interest. Nothing herein shall act to deny documents or information to the Congress of the United States or the committees of either House having jurisdiction over financial institutions, securities regulations, or related matters under the rules of each body. Nor shall the Commission be denied any document or information which the Commission, in its judgment, needs.

(b) **APPLICATION OF ACT TO FOREIGN MEMBERS.**—Except as otherwise provided by rule or regulation of the Commission, if the head office of a member is located, and the member's principal business is conducted, outside the United States, the provisions of this Act shall apply to such member only in respect of the business of such member conducted in the United States.

(c) **LIABILITY OF MEMBERS OF SIPC.**—Except for such assessments as may be made upon such member pursuant to the provisions of section 4, no member of SIPC shall have any liability under this Act as a member of SIPC for, or in connection with, any act or omission of any other broker or dealer whether in connection with the conduct of the business or affairs of such broker or dealer or otherwise and, without limiting the generality of the foregoing, no member shall have any liability for or in respect of any indebtedness or other liability of SIPC.

(d) **LIABILITY OF SIPC AND DIRECTORS.**—Neither SIPC nor any of its Directors shall have any liability to any person for any action taken or omitted in good faith under or in connection with any matter contemplated by this Act.

(e) **ADVERTISING.**—SIPC shall by bylaw or rule prescribe the manner in which a member of SIPC may display any sign or signs (or include in any advertisement a statement) relating to the protection to customers and their accounts, or any other protections, afforded under this Act. No member may display any such sign, or include in an advertisement any such statement, except in accordance with such bylaws and rules.

(f) **SIPC EXEMPT FROM TAXATION.**—SIPC, its property, its franchise, capital, reserves, surplus, 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 any real property and any tangible personal property (other than cash and securities) of SIPC shall be subject to State and local taxation to the same extent according to its value as other real and tangible personal property is taxed. Assessments made upon a member of SIPC shall constitute ordinary and necessary expenses in carrying on the business of such member for the purpose of section 162(a) of the Internal Revenue Code of 1954. The contribution and transfer to SIPC of funds or securities held by any trust established by a national securities exchange prior to January 1, 1970, for the purpose of providing assistance to customers of members of such exchange, shall not result in any taxable gain to such trust or give rise to any taxable income to any member of SIPC under any provision of the Internal Revenue Code of 1954, nor shall such contribution or transfer

or any reduction in assessments made pursuant to this Act, in any way affect the status, as ordinary and necessary expenses under section 162(a) of the Internal Revenue Code of 1954, of any contributions made to such trust by such exchange at any time prior to such transfer. Upon dissolution of SIPC, none of its net assets shall inure to the benefit of any of its members.

(g) SECTION 20(a) OF 1934 ACT NOT TO APPLY.—The provisions of subsection (a) of section 20 of the 1934 Act shall not apply to any liability under or in connection with this Act.

SEC. 12. DEFINITIONS.

For purposes of this Act:

(1) SELF-REGULATORY ORGANIZATION.—The term "self-regulatory organization" means a national securities exchange or a national securities association registered pursuant to subsection (b) of section 15A of the 1934 Act.

(2) FINANCIAL RESPONSIBILITY RULES.—The term "financial responsibility rules" means the rules and regulations pertaining to financial responsibility and related practices which are applicable to a broker or dealer, as prescribed by the Commission under subsection (c)(3) of section 15 of the 1934 Act or prescribed by a national securities exchange.

(3) EXAMINING AUTHORITY.—The term "examining authority" means, with respect to any member of SIPC, the self-regulatory organization which inspects or examines such member of SIPC or the Commission if such member of SIPC is not a member of any self-regulatory organization.

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment in the nature of a substitute 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 West Virginia?

There was no objection.

AMENDMENT OFFERED BY MR. MOSS

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

This is an amendment offered on behalf of and at the direction of the subcommittee.

The Clerk read as follows:

Amendment offered by Mr. Moss: Page 57, strike out lines 15 through 22, and insert in lieu thereof the following:

"(v) One member shall be appointed by the governing bodies of the national securities exchanges ranking third and fourth in dollar volume of trading in securities. The power to make such appointment shall alternate each term (in such manner as the Commission shall by regulation prescribe) between the governing bodies of such exchanges."

Mr. MOSS. Mr. Chairman, this would have the practical effect of leaving the fourth member on the Board of Directors selected from the stock exchanges as being selected by the Pacific Coast Exchange and the Midwest Exchange.

As the language in the bill now reads, it leaves the selection to all other exchanges which would be a total of eight, included in this eight—or ten—would be the Chicago Board of Trade, which is held to be an exchange, and the Salt Lake Exchange, which deals primarily with mining shares when, as a matter of fact, the bulk of the business, 3.6 percent, is done by Pacific, and 2.7 percent by Midwest. This is felt to be more equitable. It

gives representation somewhat commensurate with the representation accorded to the American Stock Exchange and the New York Stock Exchange.

Mr. Chairman, I urge adoption of the amendment.

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

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

Mr. CELLER. Mr. Chairman, I would ask the gentleman from California whether this does change the combined number?

Mr. MOSS. This does not in any manner change the combined number, nor the makeup of both public and industry members on the Board.

SUBSTITUTE AMENDMENT OFFERED BY MR. GROSS FOR THE AMENDMENT OFFERED BY MR. MOSS

Mr. GROSS. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from California (Mr. Moss).

The Clerk read as follows:

Substitute amendment offered by Mr. Gross for the amendment offered by Mr. Moss: On page 56, strike all of lines 24 and 25, and on page 57, strike all of lines 1 through 22, and insert the following:

"(i) Five members shall be appointed by the President from the general public.

"(ii) One member shall be appointed by the governing body of the national securities exchange having the highest dollar volume of trading.

"(iii) One member shall be appointed by the governing body of the national securities exchange ranking second in dollar volume of trading."

Mr. GROSS. Mr. Chairman, this amendment is very simple. It simply would change the balance of power on the directors in this corporation from two public members to five public members, and would give the New York Stock Exchange one member, and the American Stock Exchange one member.

I am sure that the public members could be chosen with a view to and could very well take care of the interests of the smaller exchanges.

Mr. Chairman, there is no reason in the world, if this legislation is designed to protect the public, and I am not sure of that—there is no reason at all why the public members should not constitute the majority on this board of directors.

Mr. Chairman, as I started to say, I am not at all sure this legislation ought to be on the floor today. We have heard from the chairman of the full committee, the gentleman from West Virginia (Mr. STAGGERS) and from the gentleman California (Mr. Moss) and I believe I recall the gentleman from Illinois (Mr. SPRINGER) saying that they plan early next year to go into in-depth studies of the operation of the various exchanges and brokerage houses, and so on and so forth. If this is true this legislation could very well be put on the shelf and await the in-depth study and recommendations that could be made.

Obviously there is something wrong, and in my opinion this bill will not cure it.

This is the age-old story in the House of Representatives and in Congress: if you have a problem just throw some money at it one way or another, and it

will go away. This problem will not go away by throwing money at it.

It will cost the public money, because the assessment that will be made on the part of the corporation will be charged to public investors. And before we get through, there will be a line of credit, I am sure, of a billion dollars made available by the Government.

I do not know of anything in this bill that prohibits the broker-dealers from using the money or the securities of their clients to finance their operations, at least in part.

Is there any prohibition I ask the sponsors of this bill—is there any provision in the bill that prohibits the brokers from doing exactly what they have been doing in the past and which has been so wrong, using the money or the securities of their clients to do business on the stock exchange.

Mr. MOSS. There is nothing in this bill that prohibits it per se. But there is section 15(c)(3) which vests in the Commission the power that they have long sought, the power that they have requested from this Congress since 1940, which permits them to make rules and regulations to control these practices and, if they so desire, to prohibit that kind of activity.

Mr. GROSS. The gentleman says: "if they so desire to do it." But why do we not make it mandatory and prohibit them in this legislation from using the money or the securities of their clients? This, I think, you will find when it is finally shaken out, is one of the real evils.

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

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

Mr. MOSS. I believe there is one brokerage house that has not used the credit balance of its customers nor used the power to hypothecate the shares of its customers—and only one.

This is a practice going back for as long as we have had a securities industry. I think the immediate impact of adopting the policy that is advocated by the gentleman might be very disastrous in its reach at this moment.

Mr. GROSS. At what moment does the gentleman think that kind of practice ought to be stopped? At what time in history does the gentleman think it ought to be stopped?

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

Mr. GROSS. Of course, I yield to the gentleman.

Mr. MOSS. Just as promptly as we can and just as promptly as the SEC supervision shows that it can be done without a disastrous impact upon this industry. In the meantime this insurance which is to my knowledge opposed by no single element in our economy is the interim measure which would create the greatest stability in the markets at this time.

Mr. GROSS. Mr. Chairman, I urge the adoption of my amendment.

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

Mr. Chairman, as I said before, I support this bill. It is a salutary bill. It is a bill that is eminently necessary. Without it there may be some very serious repercussions in the financial world. But

that does not mean I have to take every provision of the bill. I think the bill has one or two flaws and it is our duty—it is my duty—to point them out.

The difficulty is, as I see it, and which to my mind is as irritating as a hangnail, is the fact that there is an insufficient number of public members on this Board. We have heard it said that the money involved in the first stage is the money of the broker—the result of assessments of the brokers. That is true—but that is only half of the story. There is great public interest involved in this matter. There are 30 million investors in securities, most of which pass through the hands of the members of the various exchanges. If that fact is not of public interest I do not know what is of public interest.

What has happened heretofore? There have been great derelictions on the part of the members of the New York Stock Exchange and other exchanges. They have conducted their operations as a private club. "What is good for the New York Stock Exchange members," paraphrasing the language of Charlie Wilson of General Motors, "was good for the country." Well, it has not been good for the country. The results we know of. Some concerns have gone into bankruptcy.

It is time to call a halt. The responsible members of the New York Stock Exchange want to call a halt. It is time the exchange cleansed its Augean stables. To change the simile, the boil has been lanced and lots of bad stuff is coming out. But not enough. We do not know how many more firms may be approaching bankruptcy. We do not know how many more are teetering on the brink or how many may be insolvent. We are not told.

This is very strange. The members of the exchange and the boards of governors of the two exchanges are unusually silent. They do not tell us. And the very committee, which I commend because of their bringing forth this bill, does not know the exact state of facts. No more does the SEC know. And the Securities and Exchange Commission should have known long since about these operations. But the SEC has been most apathetic. Self-regulation has not worked.

Until the New York Stock Exchange and the American Exchange put their houses in order, there will be no recreation of confidence in those exchanges.

Listen to those gentlemen on the high degree of importance involved in these exchanges:

At the beginning of 1970 New York Stock Exchange members held approximately \$3 billion of customers' free balances, funds withdrawable on demand. These free credit balances are used by member firms to maintain positions in securities, to finance margin purchases of other customers, and for other general purposes.

It is estimated that the total of cash and securities held in the custody of brokers for the accounts of customers is approximately \$50 billion. These assets, in many cases, can be reached by creditors of brokerage firms where adequate segregation practices have not been followed.

There was no segregation. And when the brokerage houses got into trouble,

the creditors seized the securities and the moneys that belonged to the customers.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent, Mr. CELLER was allowed to proceed for 5 additional minutes.)

Mr. CELLER. The President of the New York Stock Exchange, Mr. Hoack, speaks, and this is his exact language:

Intrigues and machinations, blatant gimmickry, all sorts of dodges and ploys between brokers and their customers to avoid proper regulation and control.

Ralph Saul, president of the American Exchange, speaks of the "exchange's 'flimsy capital structure.'"

Brokerage houses use their customers' money freely to conduct business, really to speculate, with no segregation. They use also their capital reserves, supposed to protect customers' assets against loss, for their own speculation. Thus two heads of the exchanges, the American and the New York Stock Exchanges, show exactly what the practices are of many of these brokers.

I want to say this. I do not want to bring an indictment against all brokers and all brokerage houses, because of the derelictions of the few. It is these bad ones that taint the atmosphere and create these bad impressions. We have to have criminal laws not for the good people, but against the bad people. We must forfend against bad operators. Therefore, we must be sure that the laws we pass will be effective.

We hear tell much about the SEC, as far as the law is concerned—that law has been more honored in the breach than in the observance. We seem to have lost confidence in the SEC, and when we say the SEC will do this and that, I wonder what indeed the SEC has been doing all this while. If the SEC had been doing its duty, we would not have had this sorry state of affairs. Therefore, because of the machinations and the intrigues of these brokers, I want more public members on this board.

There is more involved here than the money. There are 30 million investors who have their money riding here. They must have protection against these intrigues, against these maneuverings of some of these brokers, and I think we will get some protection if we have the substitute amendment offered by the gentleman from Iowa. I intended to offer a similar amendment, but he beat me to the punch. I welcome it, of course. I am siding with the gentleman. I do not always agree with him, but certainly I am in agreement with him now. If we do not have more public directors, it would be very much like setting a cat to watch a bird in a cage.

We just cannot have implicit faith in many of these brokerage houses in New York because of our sorry experiences with them. I want to forfend all these excesses and all these difficulties. What is wrong with having more public members? Why should we not have more public members, since this is a public corporation?

Mr. MOSS. Mr. Chairman, if the gentleman will yield, when has the appointment of a public member ever guaran-

teed that the member would be primarily concerned with the public interest?

Mr. CELLER. I think he would be more likely to be concerned than the selfish person who has a self-interest, who has an ax to grind, who wants to protect himself and his fellows. I think it is far better to have a public director than to have a director who has a financial interest in the proceedings.

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

Mr. CELLER. I yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, the gentleman said that the public member would have a greater interest in this than the man on the stock exchange. I disagree with the gentleman wholeheartedly. The men who pay the money into the fund are going to watch over that fund. They will be people who know what they are doing. They will say to others, "You will not take any more money." It takes a crook to catch a crook. If they have somebody who does not know what is going on, the wool will be pulled over his eyes. And we must remember, it is their money. Let us let them watch over it.

Mr. CELLER. Mr. Chairman, I am afraid I cannot be as naive as the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, I am not as naive as the gentleman from New York about these matters.

Mr. CELLER. While the gentleman from West Virginia may trust them, there are some members of the New York Stock Exchange that I do not like to trust.

Mr. MOSS. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, the easiest thing in the world is to step into the well of the House and level an indictment against the securities industry, particularly at this moment when it is caught in a rather tight squeeze. Of course, if we look for the reasons for the difficulties of the industry, it is easy to point the finger at the Securities and Exchange Commission and say, "You gentlemen are responsible because you have not done your job."

But let us look a little beyond that. The Securities and Exchange Commission is an arm of this Congress. It has on numerous occasions asked for more authority and more power than the Congress has been willing to give it. Had we given it at the time it was requested, and had we permitted them to exercise it, I doubt if we would have the problems here as serious as they are at this moment.

I happen to believe that the committee showed a great deal of care and a great deal of responsibility in fashioning a rather unique Board of Directors. I believe it is a better Board of Directors than the substitute would create, because we have representatives of the exchanges, of the National Association of Security Dealers, which is a quasi-government agency, already engaged in the regulation of the licensing of security dealers, and then we have two public members.

If there is any inducement in the in-

dustry to holding down the rate of assessment it is through the prudent administration of the affairs of the Security Investor Protection Corporation, or SIPC.

If there is any worthiness in the old carrot and the stick principle, I believe we have it here. The carrot is this board of directors which remains a private board unless and until it has to utilize the line of credit to the Treasury.

In the banking industry, under the Federal Deposit Insurance Corporation, they have not had to utilize that line of credit into the Treasury. They have it on a much larger scale than it is available here to the securities industry.

I should like to see them not have to utilize it. I should like to see them be able to keep the rate of assessment down, once they build their fund up to the anticipated \$150 million.

Notwithstanding the dire forecasts of my distinguished friend the gentleman from New York (Mr. CELLER)—I confess the greatest admiration for him—I do not see all this danger lurking in the background. I believe we have seen much of the jolt. I am not saying all of the problems are cured. We will have some more problems before we work our way out of this. It took us a long time to get in, and it will take some time to get out. We should make a start.

I do not believe there is a magic in making five public members, who may be well informed, interested or disinterested, and only two others, one from the New York Exchange and one from the American Exchange—no interest outside of New York. I do not believe this is going to make it that much different, in the effectiveness of this Corporation.

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

Mr. MOSS. I am happy to yield to my friend from Iowa.

Mr. GROSS. Would the gentleman be able to put any kind of a dollar value on the losses of the three brokerage houses now in trouble?

Mr. MOSS. I believe it is around \$4.5 million.

Mr. GROSS. Each?

Mr. MOSS. No; total. That is what we are talking about, \$4.5 million total in the three.

As I indicated in my earlier remarks, it looks as though Robinson & Co. is going to come out all right, and Plohn & Co. does not look as if it will have to call upon the fund to bail it out. First Devonshire apparently has the bulk of the exposed risk here which would be protected.

I cited the assurances received from the president of the exchange and the chairman and vice chairman of the board of governors.

Mr. GROSS. That is without any help from this bill?

Mr. MOSS. This is not anticipated as bailing out those firms or their customers. That would be outside the scope of this bill. This bill does not cover retroactively.

(By unanimous consent, at the request of Mr. Gross, Mr. Moss was allowed to proceed for 5 additional minutes.)

Mr. GROSS. I believe it was in the New York Times that I read the other day that the brokers are awaiting the passage of this legislation in order to clear up this matter, and I think the

gentleman is overly optimistic when he puts a price tag of \$4.5 million on it.

Mr. MOSS. I assure you I am not overly optimistic in placing the price tag, in response to the gentleman's question, at \$4.5 million. As a matter of fact, I am extremely accurate.

But the fact that they are waiting hopefully for this legislation or are expecting it is not something unique. I might say to the gentleman that everyone from the President of the United States down who is familiar with the problems of this industry is almost prayerfully awaiting the passage of this legislation.

The gentleman in the well joins in that group which seeks passage of it, because I feel it important to reinstall confidence in this industry. I think that confidence will have an overall impact and a favorable impact upon the economy of this country. I am greatly concerned over having a healthy economy in this country. I want a good climate for investment in this country. I want to see our security markets able to produce the new capital that is required for the development of this country. All these things are essential. I think, as I said before, it took us a long time to get here, and it will take us some time to work our way out.

Mr. Chairman, I urge that the substitute amendment not be adopted, that it be rejected, and that the amendment offered on behalf of the subcommittee be adopted.

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

Mr. Chairman, I am glad that a few words were expressed here by the gentleman from California on this floor in response to the statement that there was a large number of failures involved reaching into the millions or hundreds of millions of dollars.

I think the gentleman from California very well and very ably stated here it was really minimal. You have a \$200 or \$300 million industry. I assume, and you have losses of \$4 to \$6 million. You may say to us: why do we come in here with this little matter, then. We are coming now ahead of time so that if we ever have this kind of situation again, the public confidence in it will be such that they know that when they turn their money over to an investment house they will be able to recover up to \$50,000. We do not have the problem, really, on top of us. What we are trying to prevent is a major problem which might occur if you had a real recession or a depression.

Our distinguished chairman, the gentleman from West Virginia, put his finger on it as to what we are attempting to do by putting these people on the board. It is designed to have people there who will actively be putting a lot of money in this themselves and naturally will want to regulate it to be sure it works. We are putting the incentive in this in the people who are going to contribute the money. If they come to us then and ask for Federal funds, then that is an entirely different game. At that point the Federal Government ought to have a say-so about what the makeup of the board is.

This was one of the things that was

debated in the subcommittee. This was the makeup of the committee and what should be the incentive in the public interest. We felt that until public funds were necessary the incentive of the people in the industry themselves to do a good job would be sufficient, just as we have had under the National Association of Security Dealers who have made many recommendations to the Securities and Exchange Commission in the public interest in order to be sure that the public confidence in the securities themselves was assured long before the incidence, we will say, of a lack of confidence ever became evident.

And, the National Association of Securities Dealers have made some excellent recommendations which I say are in the public interest. This has not been a thing which has run wild. The fact of the matter is I think what the gentleman from New York said about Mr. Ira Haupt the other day one cannot apply all those broad words to all of them, but the fact was that there were some undesirable things going on. How are you going to have any industry that is not going to have some of what the gentleman referred to.

However, Mr. Chairman, this is a very small number of people. By the use of incentives we want to provide a means by which these people will put their money into it, that they regulate themselves, and we felt that the incentive was the best way to do it. Whenever they do not do that and come to us for help and assistance, then I think the public policy should shift.

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

Mr. SPRINGER. Yes, I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman keeps saying, and others on the committee as well—that this is their money, the broker-dealer's money that will be put into this so-called insurance fund by way of assessments.

Is the gentleman saying to the House that the brokerage firms will not increase the cost to the public in business with them in order to get the money to put into the fund?

Mr. SPRINGER. I yield to my distinguished chairman for a response to the gentleman's question.

Mr. STAGGERS. I would like to say a word in response to that question. Of course, when you buy stock, you are going to have to pay for it.

Mr. GROSS. Oh, well, I know that.

Mr. STAGGERS. If you do that the cost is there and you pay it. We do not have any taxes on America at all, only the man who wants to buy stock, and he has to pay for it. That ought to be fair, should it not?

Mr. GROSS. If the gentleman from Illinois will yield further, that is like saying you can either take it or leave it. But that is not answering the question. I am asking whether the brokerage firms are going to increase the cost to the public of doing business with them to pay for protection they ought to get from all brokers without cost.

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

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

Mr. MOSS. I think it is quite obvious that whenever you increase the cost of business, the business is going to have to charge rates which will reimburse them.

Mr. GROSS. Yes, that is right.

Mr. MOSS. We have the Federal Deposit Insurance Corporation and the banks pay a fee for coverage and they certainly include that in the cost of doing business.

Mr. GROSS. Sure they do.

Mr. MOSS. And, at the present time operating a completely voluntary system which has existed since back in 1963, the New York Stock Exchange has levied assessments upon its members and has created a fund of about \$55 or \$56 million. Of course, this is reflected in increased cost of doing business. It is a fact of life that you cannot increase the cost of doing business without having to increase the cost of service or the commodity for sale.

There is no way I know of whereby that can be avoided.

Mr. GROSS. Of course; the public is going to pay.

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

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

Mr. Chairman, I would like to address myself first primarily to those on this side of the aisle, although I have no objection to those on the other side of the aisle hearing it.

If one assumes that because a person is called a public member that he will protect the public, one makes an entirely false assumption. If "Chauncey Giltedge" is appointed to the board, who is an old retired broker, and four of his friends of the same group are appointed, you do not have more protection of the public interest than if you had active members of the exchange. You have less.

The only way you can protect the public interest in this case is to create incentives within the provisions of this bill for those who have the responsibility to use the funds correctly, and if they do not use the funds correctly, they lose control over the funds. That is the genius of this triggering device.

The board goes from seven members to 11 members. The majority swings from a 2-to-5 division, two public and five industry members, to six public and five industry members. You put enough new people on the board to change its direction. Now, that is in the public interest.

Now, if you will pardon me, may I address myself primarily to the other side of the aisle:

These provisions in the bill with respect to the membership of the Board have a sensitive relationship to the amount of assessment. Now, we have an assessment here that has a flexibility from a half percent to 1 percent in the beginning. Now, do you want persons who may be overly concerned about appearances of doing right—do you want them to have the authority to run that assessment up to 1 percent? Is it not important that you protect the interest of the in-

vestor, and the cost to the investor, by keeping the assessment low?

I agree with the gentleman from Iowa that the investor pays the bill, and I think it is important, therefore, that the fraternity of broker-dealers, with the interest in selling the stock competitively against other investments, have some control in keeping that figure low.

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

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

Mr. GROSS. Mr. Chairman, I wonder what makes the gentleman think that a public member on a board of directors is going to go out and stick the knife into his fellows, the common, ordinary garden variety of citizen in this country by increasing the cost of their doing business with a corporation?

Mr. ECKHARDT. If the gentleman will permit me to answer that question, I will say that I do not assume that the public member is necessarily in that boat, but I am sure that the person who has to sell the stock is going to try to make the total cost of the stock as low as possible so that it is competitive with any other investment. And I am not at all sure that a person without much knowledge of the stock market is not going to be stampeded to increase this from half a percent to 1 percent immediately, as we give that flexibility in this bill, as amended by the amendments recommended by the committee.

Mr. GROSS. I think the gentleman used as his horrible example Chauncey Giltedge?

Mr. ECKHARDT. I said Giltedge.

Mr. GROSS. Who, he said, is a retired broker. As such, he is going to know all about this business, is he not?

Mr. ECKHARDT. I do not know whether he knows anything about the present economy.

Mr. GROSS. Well, certainly he is not exactly naive, unskilled, and inexperienced.

Mr. ECKHARDT. He may know more about his private club than he does about the investment business at this time.

Mr. GROSS. Well, you could go both ways on that.

Mr. ECKHARDT. Therefore, I submit to this Committee at this time that this is a much more delicate sort of thing than can be taken care of by an ad hoc amendment on this floor. It relates to the pressure in favor of protecting our public interest, it relates also to the protection of the investing fraternity themselves, and if they do not protect themselves properly they trigger a device by which a majority of the public members control the large fund of money that is involved here.

I cannot see any reason why the members of that board are going to act against the public interest if it is also against their interest, and if they act against theirs and the public interest they lose control.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. SPRINGER, and by unanimous consent, Mr. ECKHARDT was allowed to proceed for 5 additional minutes.)

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

Mr. ECKHARDT. I yield to the distinguished ranking minority member of the committee.

Mr. SPRINGER. The incentive in this, as it was explained by the subcommittee to the full committee, is that if you have these five members of, as you say, of the investment company group, and up to \$150 million, they are going to do everything they can to keep from having to borrow from the Federal Government for this one single reason: the minute they borrow from the Federal Government this bill provides automatically that the Treasury must raise the rates. Is that not true?

Mr. ECKHARDT. That is exactly true.

Mr. SPRINGER. And what they are going to fight for is to keep out of having to borrow anything from the Federal Government for that very reason, because it triggers the mechanism that then goes into effect, and they lose control over their own destiny. Am I right?

Mr. ECKHARDT. That is exactly right.

Mr. SPRINGER. That is exactly the situation you have.

Mr. ECKHARDT. If the gentleman will permit, I might answer further, it is precisely as if a corporation which might become unable to conduct its own business efficiently, would have to merge with another. The board of directors of the first corporation would be so diluted by the directors of the second corporation that they would lose control. There could be no greater incentive for the first corporation to operate efficiently to make the program work and thus avoid the merger. That is precisely the type of incentive that we have written into this bill.

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

Mr. ECKHARDT. I yield to the gentleman.

Mr. GROSS. Mr. Chairman, I think the gentleman will have to admit that there will be no more and probably less incentive for the five public members to increase the cost either to themselves or to other ordinary citizens.

The gentleman called my amendment an ad hoc amendment, and derided it as being something that was brought out of thin air. The gentleman from Texas was guilty yesterday of offering an ad hoc amendment—producing it out of thin air.

Is there something wrong with amending a bill, in the opinion of the gentleman from Texas?

Mr. ECKHARDT. There is nothing wrong. I thank the gentleman for joining me on my ad hoc amendment yesterday. But I think I am just as correct today as I was yesterday.

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

Mr. ECKHARDT. I yield to the gentleman.

Mr. KEITH. Mr. Chairman, I think the record should show that only a few firms have conducted themselves in a way that has necessitated this legislation. There are many firms to my knowledge which have conducted their operations on a

reasonable and sound basis. Their accounts are in good shape. Some of them have been so well managed that they are able to give bonuses to their employees because of the soundness and efficiency of their operations. It is from this group that the securities and stock exchanges will be taking their membership for this board of directors. They are going to nominate as directors, instead of Chauncey Giltedge, they will select Henry Hard Head. These are the types who would not want to run their operations well and then be assessed to pay for those who run their firms poorly. The standards for broker dealer firms will be much higher and the public interest will be better served, in my opinion, because the exchange will nominate competent men of good character.

Mr. ECKHARDT. I agree.

Mr. Chairman, I suggest that the vote should be to vote down the substitute and vote for the amendment.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield for a question.

Mr. ECKHARDT. I yield to the gentleman.

Mr. ANDERSON of Illinois. Mr. Chairman, am I to understand, from this provision as it is contained in the House bill, that once the additional four Directors have been appointed and once it has been necessary to borrow funds from the U.S. Treasury—once these additional four Directors have been appointed by the President that they will continue to serve and, therefore, serve as a majority on the Board until this loan from the Treasury has been repaid or retired?

Mr. ECKHARDT. That is exactly correct. It is very important that they do so because they must administer the functions which recoup the funds during that period of time.

Mr. ANDERSON of Illinois. Mr. Chairman, if the gentleman will yield further, I certainly want to rise in support of the committee bill and in opposition to the amendment.

As one who admittedly does not have the expertise of those on the committee, it seems to me the committee ought to be commended for the manner in which they have fashioned this bill which I think contains a very ingenious provision and a provision that is certainly calculated to serve the public interest and to guarantee against the very possibility that has been raised by some of those who have sponsored this amendment; that is, against the possibility that somehow the public interest is going to be ignored in the administration of the affairs of the SIPC—the Securities Investor Protection Corporation.

It seems to me by the triggering provision that you have made ample provision that this will not happen and that the public interest will be protected.

Mr. Chairman, I certainly congratulate the committee on the terms of the bill that they have reported to the House.

Mr. ECKHARDT. I thank the distinguished gentleman from Illinois (Mr. ANDERSON).

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Iowa (Mr. GROSS) for

the amendment offered by the gentleman from California (Mr. MOSS).

The question was taken; and on a division (demanded by Mr. GROSS), there were—ayes 16, noes 27.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, I offer an amendment on behalf of the subcommittee which initially considered this bill.

The Clerk read as follows:

Amendment offered by Mr. MOSS: On page 64, line 18, strike out "one-half of";

On page 65, line 14, insert before "SIPC" the following: "Subject to subsection (c) (3)."; and

On page 65, line 16, insert "not less than" before "one-half".

Mr. MOSS. Mr. Chairman, events in the securities industry since the time of the subcommittee's action in reporting H.R. 19333 to the full committee, seemed to dictate that the Subcommittee on Commerce and Finance meet again to discuss the impact of those events on this legislation. Accordingly, the subcommittee met on November 17, 1970, and agreed to offer and support this amendment. It is designed to provide for the quickest buildup of the SIPC fund which is feasible under the circumstances. The sooner the fund totals \$150 million, the better will be the protection and cushion which will be provided by the fund.

This amendment would raise the one-half of 1 percent ceiling on assessments which is presently contained in the provisions of H.R. 19333 and would increase it to 1 percent. However, the amendment does not increase the mandatory assessment which must be levied by SIPC during the periods of buildup of the fund, and this mandatory assessment would remain at not less than one-half of 1 percent. What the subcommittee's amendment does do, however, is to make it possible, when feasible, for the Board of Directors to go as high as 1 percent in the assessment rate.

The subcommittee's decision on this matter was a very conscious and deliberate one. Since it is quite possible that an assessment greater than one-half of 1 percent might not always be practicable, the subcommittee did not believe that the Congress should mandate an assessment above one-half of 1 percent. However, it did believe that Congress should provide the flexibility of going above one-half of 1 percent when feasible.

There have been some very good times in the securities business; just as there have been some times of substantial financial strain. When good times occur, the interests of the Wall Street community, as well as the public interest, may well dictate that an assessment of more than one-half of 1 percent be levied. For example, had SIPC been in being during the past 5 years, the industry interest and the public interest would have been well served had a higher assessment been levied during the good years of 1966 and 1967. That would have provided a very nice cushion for the poorer years of

1969 and 1970. This is the situation to which this amendment speaks.

The subcommittee wants its intent to be very clear. By raising the ceiling on assessments, the subcommittee does not intend to require the Board of Directors to impose such assessments without regard to what the industry can properly afford. An assessment which is so high that it will put substantial numbers of broker-dealers out of business will not further the goals of this legislation. Clearly, the Board of Directors, in setting the assessment level must be keenly aware of the financial condition of its members. When that condition can economically accept an assessment of more than one-half of 1 percent, the Board of Directors might well be advised to impose it, if it is needed for the proper buildup and maintenance of the fund.

These determinations will be very difficult ones and will require intimate knowledge of not only the potential need of the SIPC fund, but also of the economic condition of the members of SIPC. It seems most appropriate to leave these determinations to the Board of Directors which will have substantial industry expertise to guide it in these determinations. Of course, the oversight provided by the SEC will be a necessary and helpful ingredient in reaching these determinations of the appropriate assessment level.

Mr. KEITH. Mr. Chairman, I rise to advise the Committee that we do not oppose the amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. MOSS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. CELLER

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

The Clerk read as follows:

Amendment offered by Mr. CELLER: Section 7, SEC functions, is amended by adding a new subsection 7(e) on page 95, after line 9, as follows:

"(e) SEGREGATION OF CUSTOMER PROPERTY.—The Commission shall conduct an investigation into the practices of all persons that become members of SIPC and shall ascertain the extent to which property that belongs to customers is used by such members in the conduct of such members' business. In such investigation the Commission shall determine whether SIPC members adequately segregate customer property, including free credit balances and securities, from property owned by such members. The Commission shall report findings and recommendations to the Congress in this investigation no later than 6 months after the date of enactment of this Act.

Mr. CELLER. Mr. Chairman, this is a very simple amendment. All it does is direct the SEC to make an inquiry concerning segregation of customers' funds. The difficulty now perplexing the public, the New York Stock Exchange, and the American Stock Exchange members is the question of customer fund segregation. Shall the securities that the broker has segregated from his own property, or shall he be permitted to use those securities for the purpose of speculating, or to obtain loans from banks? Shall he be permitted to commingle his own funds with the moneys that he has for customers' accounts? He receives dividends on

various types of stocks, which he holds for the customers. He sells various bonds and securities, and he holds those moneys for the customer, but he commingles them. The question is: Shall he have the right or shall he not to commingle them? Many firms have commingled over the years, as the gentleman from California has indicated. Some of the exchange houses in New York commingle moneys but do not commingle stocks or bonds. I can name a number of the firms who refuse to commingle their moneys, as well as their stocks, and they are the most solvent on the street. It is those concerns that have done the commingling, who have failed to segregate, who have got into the most trouble.

Whether that is good or bad, or whether custom has hardened into that which is a reality and must continue, is, I think, a matter that should be checked by the SEC and the Congress should be advised by the SEC exactly what should be done under the circumstances. This amendment demands that the SEC do just that and report back to us within a period of 6 months.

Mr. MOSS. Mr. Chairman, it is with a great deal of regret that I rise in opposition to this amendment offered by the distinguished chairman of the Judiciary Committee, the gentleman from New York.

I also oppose commingling of clients' funds with the funds of the broker dealers, and I oppose the hypothecating of stock and the utilization of the proceeds for the speculation of the broker dealers.

But I do not believe that this amendment is going to do anything except to impose an additional burden upon an agency which at this time is not adequately staffed to perform the necessary duties imposed upon it by law.

I indicated in discussions with the gentleman that I would urge early in the 92d Congress that this be a study undertaken by the Committee on Interstate and Foreign Commerce itself. I believe it is important that we know all the facts that would be sought here.

Let me show what happens when we mandate studies and we do not do it realistically. We authorized an institutional investors impact study over 2 years ago, and we have spent somewhere around a million dollars on it. I had hoped that we could look forward to receiving it in June of this year, but we had to extend the time to December 30. I did not want to go to December 30. I wanted to extend the time only to September 30, but the Commission said:

We must have until the end of the year, but at that time you will have your study and it will be available with findings and recommendations.

I hear very disquieting rumors—well-founded rumors—that we will be lucky if we get the study in its raw form for publication and that we probably will not get conclusions or recommendations for several months after the first of the year.

What sense does it make to impose upon a Commission already overburdened and delinquent in a study which is of the utmost importance to the committee and to the Congress the addi-

tional duties contemplated by this amendment?

I believe Congress ought to start making some of its own studies. We know what we need. We can better direct the staff to get the material for us. We can act on it in a more timely fashion.

For that reason, and not because of any ideological differences, just from the practical standpoint of what can and cannot be done, I strongly urge that the amendment be rejected.

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

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

Mr. CELLER. May I ask the gentleman if it is his desire to offer a resolution to set up a special committee for inquiry concerning this matter.

Mr. MOSS. That certainly is within the realm of possibility. As I stated to the gentleman in discussing this with him, I wanted to discuss it with the chairman of the full committee, who has given his assurance twice today that he intends immediately upon the opening of the 92d Congress to launch this kind of a study.

Mr. CELLER. May I ask a further question. This involves questions not only appertaining to the Committee on Interstate and Foreign Commerce but also involving antitrust laws with reference to the operations of these various exchanges. The courts, the SEC, and the Department of Justice have been concerned with various antitrust matters concerning stock exchanges. If there is to be consideration of such a special committee, I wonder whether it might be appropriate that it contain members of the gentleman's committee, the Committee on Interstate and Foreign Commerce, as well as members of the Judiciary Committee, of which I am chairman.

Mr. MOSS. I believe such an approach of cooperation certainly merits the most careful exploration and discussion. I suggest it is a matter which the gentleman from New York should discuss with the gentleman from West Virginia.

I know that the gentleman from West Virginia is at all times cooperative and seeks to make the work of the committee and subcommittees meaningful. I think it is important in this instance that the work be meaningful and it produce all of the facts so that we can legislate intelligently not only in the Committee on the Judiciary and the Committee on Interstate and Foreign Commerce but there are certainly some ramifications here which would touch on the work on the Committee on Banking and Currency. There needs to be a comprehensive study made.

Mr. CELLER. Mr. Chairman, I just want to ask the gentleman from West Virginia whether or not he would consider the suggestion I made that a special committee to be composed of members of both committees go into this matter.

Mr. STAGGERS. Will the gentleman yield?

Mr. CELLER. I am glad to yield to the chairman.

Mr. STAGGERS. I think the gentleman from New York has never found me to be unreasonable about any suggestion he has ever made to me. I have always

tried not to infringe upon any other committee of the House with any jurisdiction we have.

I would say this: After consultation with the subcommittee and the full committee, we will be glad to consider it, because I do not set myself up as a czar.

As I said here, my intentions are to have our committee study this thing thoroughly and extensively and report back.

Certainly we will cooperate with the Judiciary Committee in any capacity in any field in which they have an interest. We certainly will do that. I think we can do it by discussion amongst us. If you have an interest in the field, all right. If you do not, then we will do what we feel we should do. Certainly the gentleman has the right through his committee to conduct any investigation he wants to into any field in which he has jurisdiction. I am willing to cooperate. I will not say that I will set up any special or select committee until we have had a chance to go into it thoroughly.

Mr. CELLER. I do not say you should set up a committee. A resolution could go to the Committee on Rules to set up a committee.

Mr. STAGGERS. I would say in response to the gentleman that if any resolution is presented, I would be willing to talk it over with my committee, but I want my committee to be agreeable with whatever is done.

Mr. GROSS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, we have just had two excellent examples of how to run around the barn and say not too much of anything.

The gentleman from New York (Mr. CELLER) has offered an excellent amendment to this bill, but he said he would withdraw the amendment if he could have assurance that a special House committee would be set up to investigate the subject matter. The chairman of the full Committee on Interstate and Foreign Commerce said he was perfectly willing to take his suggestion under consideration. The gentleman from California (Mr. MOSS) agrees in effect with the intent of the amendment offered by the gentleman from New York. He is opposed to brokers abusing the use of their clients' money hypothecating and so on and so forth. But, still, he speaks of mañana; let us do something tomorrow.

I am a little surprised at this great protagonist of the right to know and the right to justice.

The gentleman is on the right track but he wants to postpone until tomorrow or some day in the future doing what the gentleman's amendment would do, and that is to say to the brokers that they must segregate these funds; they must not use clients' funds to finance their operations.

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

Mr. GROSS. Of course I yield to the gentleman from California.

Mr. MOSS. The gentleman from Iowa puts words into the mouth of the gentleman from California which the gentleman from California never uttered.

If the gentleman from Iowa had listened with care he would have learned

that I opposed the amendment because it imposed additional duties upon an agency which is already short handed and is already at least 6 months delinquent in giving us the results of a study which was ordered 2 years ago.

Mr. GROSS. What I said was that the gentleman from California agreed with the portent of the gentleman's amendment, but wants to postpone doing anything about it now.

It is like the mother admonishing her daughters when they wanted to go swimming. She told them to "hang your clothes on a hickory limb but don't go near the water." It is the old, old story, put off until tomorrow what you can do today.

Mr. MOSS. Mr. Chairman, if the gentleman will yield further, if the gentleman from Iowa will read the amendment which has been offered by the gentleman from New York, the gentleman will find it does not say, "You shall not." It says, "The Commission shall study—"

Mr. GROSS. All right.

Mr. MOSS. I say the Commission is already overburdened with duties it cannot now perform.

Mr. GROSS. And report within 6 months—

Mr. MOSS. Report what?

Mr. GROSS. Why should they not make a study of it and report within 6 months?

Mr. MOSS. What would they report?

Mr. GROSS. Their findings as to what was being done with investors' money and securities. That is what he is saying. Let us not go back into this business of mañana, put off until tomorrow what you ought to do today.

Mr. Chairman, I yield back the balance of my time.

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

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

If the gentleman from Iowa will give me his attention, I would like to respond to the gentleman on the question of why I did not give a definite answer to the proposal which was made by the gentleman from New York (Mr. CELLER). I have not consulted with the gentleman from Illinois (Mr. SPRINGER), and I try to do this on matters of this nature. That is one reason we have some comity on the committee. I want to at least advise with the members of the committee as to certain agreements we make. As a result of that, usually when we come to the floor with most of our bills, they come to the floor unanimously.

I have never said that this committee would do certain things, without consulting with the members of the committee, except within the realm of matters which are decisions to be made by the chairman of the committee. I have said as much as I can say to the gentleman from New York. We are going to make a study. I have made it just as clear as possible that this committee is going to make an extensive study, an indepth study, and that we would cooperate with the gentleman in any way we can. I do not know what I can say further.

Mr. GROSS. Well, will the gentleman yield?

Mr. STAGGERS. Not at this time, because I have some other things to say about the bill.

Mr. Chairman, in regard to the practices, we have set forth in the bill authority for the SEC to make rules and regulations on the commingling of the funds and the using of these securities as collateral. We have said we would give them that in this bill. This is the first time we have done that clearly and unequivocally. We think they will use it wisely. We hope they will, because we are certainly going to be watching to see that they do. Also, in respect to the study, there are two main points involved with reference to the amendment. One is the fact that the SEC will make the study.

Now, I respect the SEC. I think they are honorable men. Somebody has said here that they do not do this or that. There have been some aspersions cast upon the members and broker-dealers. I know some men who are broker-dealers whose character would stand with that of any Member of the House in honesty and integrity. In fact, most of them I know are honest and good men. I would say also that there are people who cast aspersions on the Members of the House of Representatives and say that they are crooks, they are thieves, and they misuse the Government funds. I have heard it everywhere. I say they are wrong, too. The Members of the House of Representatives are good men. I do not know of any of them who are crooks.

This condemning of people is very bad, and it is wrong. I know the SEC will do their job. I know the broker-dealers will try to do theirs, and they are going to have the oversight of the SEC at all times.

President Nixon has advised that this bill should be passed. I can read from a letter from the Department of the Treasury concerning their concern in this field. On June 17, 1970, President Nixon, in his address to the Nation on the economic policy and productivity, specifically endorsed the concept of insurance protection for investors in securities, and the Department of the Treasury has endorsed it.

I know the gentleman from New York (Mr. CELLER) in all good faith has proposed an amendment which I would not call frivolous, because I know that he is not that type of man. I believe he is sincere in what he is saying, but most of those things are taken care of in this bill.

The Committee on Interstate and Foreign Commerce and its subcommittee have studied this for long hours and have considered all proposals. In their wisdom they have come up with the present bill. And when they presented it to the full committee it was discussed at some length, and the full committee unanimously said it was a good bill and should be reported to the floor of the House of Representatives.

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

Mr. STAGGERS. I will be happy to yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, I think the criticism that the gentleman from New York and I have concerning this bill is that it does not go nearly far enough; that if you are going to open up this subject you ought to do many things that you are not doing.

The gentleman says his committee is going into an indepth study of this whole situation early next year. Why not put this bobtalled bill on the shelf until next year, until you make this study?

Mr. STAGGERS. This is not a bobtalled bill.

Mr. GROSS. If you do, then I am sure you will have a bill that I can support.

Mr. STAGGERS. It is not a bobtalled bill, and I resent the gentleman saying so. I resent it because of the fact that good men in the House have studied this, and have brought to the floor a bill that I think is a good bill. The full Committee on Interstate and Foreign Commerce felt the same way. I resent these attacks on the committee and on the integrity of the committee. We have brought a bill to the House that I think is a good bill, and should be passed.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KEITH. Mr. Chairman, I rise in opposition to the amendment, and I move to strike the requisite number of words.

Mr. Chairman, the lead clause in the proposed amendment says that the commission shall conduct an investigation into the practices of all persons who become members of the SIPC, and so forth.

Obviously such a proposal is unnecessary, and altogether too personal in its implications. I would say that in my view it could be the first step in a witch hunt.

I would like to say further I agree completely with the response of the chairman of the Committee on Interstate and Foreign Commerce to the suggestion of our colleague, the gentleman from New York, that we set up a joint committee to look into this particular problem. Obviously the chairman could not do that without coming to the full committee, and consulting its membership, both the minority and majority members. Further I do not agree with my colleague, the gentleman from Iowa. It was his opinion that the chairman is derelict in his duty because he does not accede to that request on the spot.

It is that kind of considered judgment that makes this committee the responsible and responsive committee that it is, and I am proud of our chairman because of his refusal to accede to the request in question.

I think that the report and the legislative history of the bill show that the SEC has wide powers and tremendous responsibilities, and can attend to the problems presented by the gentleman from Iowa.

We share his interest in these matters, and I feel certain the SEC will, under this legislation, have the necessary authority so that it may move in these areas and eliminate the abuses that have, in effect, caused this whole question to come to the forefront at this time. And the triggering device that we have is such that the assessments will be smaller rather than larger because of the pres-

ence on the board of representatives of the exchanges who will be fighting for the pocketbooks of the brokerage firms.

This bill has been very carefully thought out and it is one of which the committee is proud. I believe that the Congress can share in that pride.

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

Mr. KEITH. I yield to the gentleman.

Mr. ECKHARDT. I know of the gentleman's tremendous interest in this field and also know that he is interested in some things that I am interested in. I think these matters really are bipartisan, and that is such questions as the committee looked into, as an equitable level of contribution by categories of broker-dealers based on the generation of risk; the question of closing of licensed broker-dealers who never have free floating balances and who never have hypothecated investors funds and perhaps some relief with respect to the assessment and other questions going to practices within the market.

Now I do not understand that they studied to reach these matters, of your committee, as I understand, is continually interested in these subjects. Do you find that same general viewpoint on the other side of the aisle?

Mr. KEITH. We certainly do and, as you will recall, in the hearings we questioned witnesses who were testifying on this legislation in a way that indicated our feeling the assessments should be appropriate to the risk involved. They admitted to the validity of that principle. There is sufficient authority within this legislation to enable those in charge of the operation to levy an assessment that reflects the risk and to categorize that risk in the public interest.

Mr. CAREY. Mr. Chairman, I move to strike out the last word and rise in support of the gentleman's amendment.

Mr. Chairman, I rise very briefly for the purpose of returning to the thrust and the point of the gentleman's amendment.

I share in none of the criticism and I endorse none of the criticisms that have been directed toward this great committee which has brought forth a good bill here. I intend to support the bill in all its particulars.

But, Mr. Chairman, just as strongly and strenuously I advocate that we give due consideration to the amendment offered by the gentleman from New York for the following reasons.

The first is that investors in the great city of New York and throughout the world in the great centers of finance—have undergone a great shock recently and the practices that we have seen in the market have caused great apprehension among investors, particularly among people who have placed their life savings in the market.

The gentleman from New York has pointed to what I must term a heinous practice—the commingling of private funds with broker-dealer funds. Although we know that it is not a prevalent practice among great institutions, if it is acknowledged to be a practice which has come to the attention of the public—then I think we should move with all

haste and cast the spotlight of official public attention on the practices. There is no other or better way to do this—especially if this Congress should go into recess than to charge the appropriate Federal agency with the conduct of the preliminary investigation.

As I understand the gentleman's amendment, he calls for a report within 6 months. During the preparation of this report, I would suppose, from my knowledge of this great committee, that it will continue its concurrent jurisdiction and it will continue to spotlight the practices which it deems might need remediation.

There is nothing wrong with having the Securities and Exchange Commission going ahead and conducting the study within its jurisdiction over the next 6-month period and if the committee be not satisfied—if the committee be in no way content with the production of that study either in terms of it being laggardly or ill-equipped, they, the committee, can move in and along in their own jurisdictional avenue.

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

Mr. CAREY. I yield to the distinguished gentleman.

Mr. MOSS. I would like again to emphasize the fact that in all realism the Commission does not have the staff to make the study. That is a cold, hard fact. They are now 6 months delinquent in supplying a study which was ordered by the committee 2 years ago. A great part of that is due to a lack of adequate staff to complete the work. The Commission has suffered chronically from a lack of staff.

Mr. CAREY. Then I think the gentleman is pointing up the fact that we have a very important Commission charged with the conduct of a high regulatory responsibility, to look after the people's funds invested in great public corporations, and the Commission lacks the staff to continue doing so. I have never known a Federal body charged with a responsibility by Congress that was in any way slow or reluctant to come forward and ask the Congress for the funds it needs to conduct such a study. If the responsibility were placed upon their shoulders—and I base this statement on my meager experience—if you give the responsibility to the Securities and Exchange Commission, they will be at the doors of Congress within 24 hours asking for the necessary funds to get the staff to conduct the study. Where would the committee get the staff to carry on the proposed expeditionary function except from among the very same people knowledgeable in this field?

The only difference is that if the amendment is adopted, the study will go forward promptly, without delay, and the public will be reassured. In my experience in investigative work, once you announce a study, once you announce that you are on the trail of a practice, the practice has a way of abating very quickly, because those who are following this practice will be quick to suspend it, and that will be a great gain for the investor.

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

Mr. CAREY. I am glad to yield to the gentleman from California.

Mr. MOSS. In the first place, by the time the Commission would get action from the Congress and get the needed funds, we would probably see the 6 months already gone.

Second, the Committee on Interstate and Foreign Commerce has already some of the groundwork under way in this kind of study. It can best be done by the Committee on Interstate and Foreign Commerce. It will be more meaningful. There is no use in mandating this very difficult, complex and manpower-demanding assignment upon an overburdened Commission at this time, and the work would be duplicative.

Mr. CAREY. I am pleased to hear the gentleman inform us that the committee has undertaken an additional study in this direction. I think this is clear notice to those who are engaged in this practice that they are under the clear and, shall I say, probing eye of Congress right now.

Mr. MOSS. If the gentleman will yield further, I would say the Chairman of the full committee, the distinguished gentleman from West Virginia, has the industry very much alert to the fact that there are many lines of inquiry going on at this time. We do not operate only when we come to the floor of the House. It is a continuing oversight.

Mr. CAREY. I realize that, but in view of my great respect and regard for the great dean of the House, who is very knowledgeable on affairs of this kind because of his close identification with the protection of public moneys, I would only hope that we could get this study going by an official body and make that official body live up to its responsibility. If it is understaffed, why has not the Securities and Exchange Commission, which is supposed to inspire public confidence and assure public confidence, done something about it?

The CHAIRMAN. The time of the gentleman from New York has expired.

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

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

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

Mr. STAGGERS. I would like to respond to the gentleman in relation to his remarks about an investigation of the New York Stock Exchange. One of the most knowledgeable men I know of outside of the exchange, who has a lot to do with the subject, has been incapacitated, but he has gone into some of the investigation work and we have assembled a lot of it at the present time. That work has been done by a special investigating committee, and it will be turned over to the legislative committee, the one that has to make the laws when the proper time comes.

Mr. CAREY. I thank the chairman for that observation.

Mr. STAGGERS. This will continue with the subcommittee which has jurisdiction over the legislation.

Mr. CAREY. I thank the chairman for that observation.

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

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

Mr. GROSS. We have been told by members of the committee this afternoon that the soundness of brokerage firms will be ascertained by the Securities and Exchange Commission before they come under this new corporation which is being set up.

I wonder where the Securities and Exchange Commission is going to get the money to go into an investigation of the soundness of these firms?

Mr. CAREY. I am not prepared to answer that, but I yield to the gentleman from California for that purpose.

Mr. MOSS. Mr. Chairman, the gentleman from Iowa states we have not said the Securities and Exchange Commission would ascertain the condition in advance of coverage by the members under the proposed Insurance Protection Corporation.

On the contrary, what we have said is that there is a continuing surveillance by the SEC over the financial conditions of firms that are not members of exchanges. But under the law the auditing of firms who are members of the exchanges is being done by the exchanges. It has been for many years. The New York Stock Exchange audits its member firms as a delegate agency of the Securities and Exchange Commission.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. CELLER).

The question was taken; and on a division (demanded by Mr. CELLER) there were—ayes 16, noes 25.

Mr. CELLER. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was rejected.

Mr. McCLORY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, early during general debate, I made inquiry of the gentleman from California with respect to assurances which have been received from the officers of the New York Stock Exchange with regard to indemnifying the customers of First Devonshire Corp., as well as Robinson Co. and Charles Plohn & Co., and I am satisfied from the gentleman's response that there is a firm commitment.

I do want to emphasize, however, that we have been speaking here today about public responsibility of the exchanges. I have been reading statements and speeches in the press made by the president of the New York Stock Exchange. However, I believe that unless this measure was before the House today, together with the pressures it imposes on the New York Stock Exchange, there would not be that sense of responsibility which has been evidenced recently. Therefore, I want to emphasize again and express the hope that this firm commitment will be fulfilled and the customers of First Devonshire, many of whom reside in my district, and many of whom reside in the Chicago area, will be treated fairly and equitably, commensurate with the way customers of Good-

body & Co. and 10 member firms of the New York Stock Exchange have been treated.

When the system was set up in 1964 to guarantee against losses of member firms, it was indicated that there would be such broad protection. However, I must say that when it comes to providing the protection, and indemnification from the private trust fund that has been established, there is a sharp denial that any such guarantee exists at the present time. Instead it is represented by the manager of the New York Stock Exchange that the application of these trust funds is in the sole and exclusive discretion of the trustees. Now that is not quite consistent with the public commitment that is being made at the present time to assure indemnification of these customers.

Again I want to express the hope that the indemnification will be promptly fulfilled and that there will not be a need for any additional coercive legislation or other steps at a later session in order to see that the commitment is fulfilled.

Mr. Chairman, this legislation—H.R. 19333—being a bill to provide greater protection to customers of registered brokers and dealers of national securities exchanges is long overdue.

I commend the committee on its response to an urgent need and hope that prompt action will be taken to establish the Securities Investor Protection Corporation which is authorized by this measure.

However, it is not sufficient for the exchanges and brokerage concerns to back this measure and to omit relief for customers of three concerns which are members of the New York Stock Exchange whose customers are without relief under this bill.

The hearings before the Interstate and Foreign Commerce Committee establish that the officers of the New York Stock Exchange undertook to protect the customers of their members following the collapse of Ira Haupt & Co. in 1963.

The trust fund to protect customers was set up in 1964 as a private effort to meet losses such as those which have occurred recently. Indeed, the absorption of Goodbody & Co. by Merrill Lynch, Pierce, Fenner & Smith, involved approximately 225,000 customers. The stock exchange trust fund has provided assurance that none of these customers will sustain a loss. In addition, the customers of 10 firms are to be protected by the trustees of the New York Stock Exchange trust fund. There remain three firms, First Devonshire Corp., Charles Plohn & Co., and Robinson Co.—all of whom include members of the New York Stock Exchange—but whom the stock exchange trustees have refused to indemnify so far.

My primary concern with the customers of First Devonshire Corp. with offices in Chicago results from the fact that many of its 6,000 customers are my constituents in the 12th Congressional District of Illinois.

Mr. Chairman, I ask quite frankly and directly: Why would the officials of the New York Stock Exchange discriminate

against First Devonshire Corp., Plohn, and Robinson?

I cannot believe that a responsible agency which expects to maintain the confidence and trust of the American people can earn such a position of honor and prestige if it elects to discriminate against three relatively small concerns while providing support to a large and powerful company such as Goodbody.

The discrimination is most glaring when we consider that the customers of First Devonshire Corp., as well as Plohn and Robinson, through fees and commissions, contributed to the trust fund which is now to be employed to benefit only the customers of other financially distressed firms.

Mr. Chairman, it is my understanding that assurances have been offered to the effect that customers of First Devonshire, Plohn, and Robinson would be protected following the enactment of this legislation. However, those assurances, as I interpret them, are not unequivocal and definite. Or there assurances constitute a commitment or a guarantee that these customers will be treated fairly and equitably in the same manner as the customers of Goodbody and the 10 other firms? It has been represented today on this floor that such a firm commitment has been received.

Mr. Chairman, it would seem to me that if the officers and governors of the New York Stock Exchange were determined to fulfill the public responsibility which they claim that guarantees would be in the record now to reassure this committee and the customers whose interests we seek to protect.

Mr. Chairman, I am not sure at this point whether an amendment would be appropriate to indemnify the customers of the omitted brokerage firms. If this could be accomplished, I would offer such an amendment.

At any rate, if the officers of the New York Stock Exchange are indeed in good faith there is every opportunity to provide unqualified assurance on the floor of the House that customers of member firms will be protected and indemnified in the same way in which the 10 firms whose customers have already received such guarantees. I interpret the statement of my colleague from California (Mr. Moss) to contain a firm commitment to indemnify the customers of First Devonshire by the New York Stock Exchange.

Mr. Chairman, in pleading today for the customers of First Devonshire Corp. for whom I have a direct interest, I am urging not only equity but justice.

I commend individuals such as my constituent, Alvin B. Epstein, former manager of the First Devonshire Corp., who is seeking to protect customers of the firm which he formerly represented, and others—who are seeking to help achieve the results the House and the New York Stock Exchange have within their power to provide.

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

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

Mr. MOSS. As the gentleman knows, I initiated the contact with the president

of the New York Stock Exchange and the representatives of its board of governors because of my concern over the failure of the exchange to undertake the same guarantees to the customers of Robinson & Co., First Devonshire, and Plohn & Co., as they have to the previous failing groups and as they were then committing themselves in the case of Goodbody.

When we go back into the House I will ask unanimous consent to insert in the RECORD the last communication I directed to the president of the New York Stock Exchange.

The letter follows:

WASHINGTON, D.C.,
November 18, 1970.

Mr. ROBERT H. HAACK
President, New York Stock Exchange,
New York, N.Y.

DEAR MR. HAACK: I am writing to you on the subject of the protection of customers of First Devonshire Corporation, Charles Plohn and Company, and Robinson and Co., Incorporated. I am concerned by some accounts I have been receiving about the communications which took place between you and our committee counsel on this subject over the past few days. It is my understanding that you told our committee counsel that you had discussed this matter with certain other high Exchange officials and that you would urge and recommend that the New York Stock Exchange provide protection to the customers of these firms. It is my further understanding that you stated that this was done "in the hope and expectation that the SIPC bill would be passed."

I transmitted that information to the Subcommittee on Commerce and Finance when it met yesterday morning in special session to discuss the future progress of the SIPC legislation. On the basis of that information, the subcommittee took certain actions which have since been reported.

I have today read various press accounts which might tend to indicate that the New York Stock Exchange position is conditioned upon passage of the SIPC legislation. I trust that I am correct that, even your clarifying statement, is not intended to be so limited. We all are expecting, and therefore assuming, that the SIPC legislation will become law in this session of Congress. However, in the event that that should not occur, I conclude that the reasons behind your stated position would still lead you to the conclusion that the Exchange should provide protection to these customers. For example, the committee's views (expressed in its report on this bill and mentioned by you in your clarifying statement) would seem to apply whether or not SIPC is or is not in existence.

In conclusion, I wish to reaffirm to you my hope that the Congress will enact legislation on this matter in the very near future. If that occurs, I am expecting the New York Stock Exchange to provide the protection discussed above. If the legislation is not passed, I would still expect the New York Stock Exchange to provide the protection discussed because, in my judgment, the reasons set forth in the committee report for doing so would remain unchanged.

Sincerely yours,

JOHN E. MOSS,

Chairman, Subcommittee on Commerce and Finance.

I assure the gentleman that I will watch personally very closely the actions of the officers of the exchange to make certain they accord totally with the commitment given. If they do not I will be prepared to make appropriate recommendations to the subcommittee.
Mr. McCLORY. I appreciate the state-

ment by the gentleman, and I compliment the gentleman on his tenacity in seeing that the good faith promises of the representatives of the New York Stock Exchange are fulfilled.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CHARLES H. WILSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 19333) to provide greater protection for customers of registered brokers and dealers and members of National Securities Exchanges, pursuant to House Resolution 1266, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

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 359, nays 3, answered "present" 1, not voting 71, as follows:

[Roll No. 373]

YEAS—359

Abernethy	Blester	Bush
Adams	Bingham	Byrne, Pa.
Addabbo	Blackburn	Byrnes, Wis.
Albert	Blanton	Caffery
Alexander	Boggs	Camp
Anderson,	Boland	Carey
Calif.	Bow	Carney
Anderson, III.	Brademas	Carter
Anderson,	Brasco	Casey
Tenn.	Bray	Cederberg
Andrews, Ala.	Brinkley	Celler
Andrews,	Brock	Chamberlain
N. Dak.	Brooks	Chappell
Annunzio	Broomfield	Chisholm
Ashbrook	Brotzman	Clancy
Ashley	Brown, Calif.	Clark
Ayres	Brown, Mich.	Clausen,
Baring	Brown, Ohio	Don H.
Barrett	Broyhill, N.C.	Clawson, Del.
Beall, Md.	Broyhill, Va.	Clay
Belcher	Buchanan	Cleveland
Bell, Calif.	Burke, Fla.	Cohelan
Bennett	Burke, Mass.	Collier
Betts	Burleson, Tex.	Colmer
Bevill	Burison, Mo.	Conable
Biaggi	Burton, Calif.	Conte

Conyers	Hunt	Quillen
Corbett	Hutchinson	Rallsback
Corman	Ichord	Randall
Coughlin	Jacobs	Reid, Ill.
Cowger	Jarman	Reid, N.Y.
Crane	Johnson, Calif.	Rhodes
Culver	Jonas	Riegle
Daddario	Jones, Ala.	Roberts
Daniel, Va.	Jones, N.C.	Rodino
Daniels, N.J.	Jones, Tenn.	Roe
Davis, Wis.	Karsh	Rogers, Colo.
Delaney	Kastenmeyer	Rogers, Fla.
Dellenback	Kee	Rooney, N.Y.
Denney	Keith	Rooney, Pa.
Dent	Kleppe	Rosenthal
Derwinski	Kluczynski	Rostenkowski
Devine	Koch	Roth
Diggs	Kuykendall	Roudebush
Dingell	Kyl	Russelot
Donohue	Kyros	Roybal
Dulski	Landgrebe	Ruppe
Duncan	Langen	Ruth
Dwyer	Latta	Ryan
Eckhardt	Leggett	St Germain
Edmondson	Lennon	Sandman
Edwards, Ala.	Lloyd	Satterfield
Edwards, Calif.	Long, Md.	Schadeberg
Edwards, La.	Lowenstein	Scherle
Ellberg	Lukens	Scheuer
Erlenborn	McCarthy	Schmitz
Esch	McClary	Schneebell
Eshleman	McCloskey	Schwengel
Evans, Colo.	McCulloch	Scott
Evins, Tenn.	McDade	Sebelius
Fallon	McDonald,	Shibley
Feighan	Mich.	Sisk
Findley	McEwen	Skubitz
Fish	McFall	Slack
Fisher	McMillan	Smith, Calif.
Flood	Macdonald,	Smith, Iowa
Flowers	Mass.	Smith, N.Y.
Flynt	MacGregor	Snyder
Foley	Mahon	Springer
Ford, Gerald R.	Marsh	Stafford
Ford,	Martin	Staggers
William D.	Mathias	Stanton
Forsythe	Matsunaga	Steed
Fountain	May	Steele
Fraser	Mayne	Stelger, Ariz.
Frey	Meeds	Stelger, Wis.
Friedel	Melcher	Stephens
Fulton, Pa.	Michel	Stokes
Fulton, Tenn.	Mikva	Stubblefield
Fuqua	Miller, Calif.	Stuckey
Galifianakis	Miller, Ohio	Symington
Gallagher	Mills	Taft
Garmatz	Minish	Talcott
Gaydos	Mink	Taylor
Gettys	Minshall	Teague, Calif.
Gialmo	Mize	Teague, Tex.
Gibbons	Mizell	Thompson, Ga.
Goldwater	Mollohan	Thompson, N.J.
Gonzalez	Monagan	Thomson, Wis.
Goodling	Moorhead	Tierman
Gray	Morgan	Udall
Green, Pa.	Morse	Ullman
Griffin	Mosher	Van Deerlin
Griffiths	Moss	Vander Jagt
Grover	Murphy, Ill.	Vanik
Gubser	Murphy, N.Y.	Vigorito
Gude	Myers	Waggonner
Hagan	Natcher	Wampler
Haley	Nelsen	Ware
Hall	Nichols	Watts
Halpern	Nix	Welcker
Hamilton	Obey	Whalen
Hammer-	O'Hara	White
schmidt	Olsen	Whitehurst
Hanley	O'Neal, Ga.	Whitten
Hansen, Idaho	O'Neill, Mass.	Widnall
Hansen, Wash.	Patman	Williams
Harrington	Patten	Wilson,
Harsha	Felly	Charles H.
Harvey	Pepper	Winn
Hastings	Perkins	Wolf
Hathaway	Pettis	Wydler
Hawkins	Philbin	Wylie
Hays	Fike	Wyman
Hébert	Pirnie	Yates
Hechler, W. Va.	Poage	Yatron
Helstoski	Podell	Young
Henderson	Poff	Zablocki
Hogan	Pollock	Zion
Horton	Preyer, N.C.	Zwach
Hosmer	Price, Ill.	
Howard	Price, Tex.	
Hull	Pucinski	
Hungate	Quie	

NAYS—3

Gross	Hicks	Rarick
ANSWERED "PRESENT"—1		
Heckler, Mass.		

NOT VOTING—71

Abbitt	Frelinghuysen	Powell
Adair	Gilbert	Pryor, Ark.
Arends	Green, Oreg.	Purcell
Aspinall	Hanna	Rees
Berry	Hollifield	Reifel
Blatnik	Johnson, Pa.	Reuss
Bolling	Kazen	Rivers
Burton, Utah	King	Robison
Button	Landrum	Saylor
Cabell	Long, La.	Shriver
Collins, Ill.	Lujan	Sikes
Collins, Tex.	McClure	Stratton
Cramer	McKneally	Sullivan
Cunningham	Madden	Tunney
Davis, Ga.	Mailliard	Waldie
de la Garza	Mann	Watson
Dennis	Meskill	Whalley
Dickinson	Montgomery	Wiggins
Dorn	Morton	Wilson, Bob
Dowdy	Nedzi	Wold
Downing	O'Konski	Wright
Farbstein	Ottinger	Wyatt
Fascell	Passman	
Foreman	Pickle	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Pickle with Mr. Adair.
 Mr. Reuss with Mr. Lujan.
 Mr. Passman with Mr. Reifel.
 Mr. Montgomery with Mr. Cramer.
 Mr. Long of Louisiana with Mr. Shriver.
 Mrs. Sullivan with Mr. Dickinson.
 Mr. Hollifield with Mr. Whalley.
 Mr. Abbitt with Mr. Wyatt.
 Mr. Blatnik with Mr. Mailliard.
 Mr. Cabell with Mr. Johnson of Pennsylvania.
 Mr. Madden with Mr. Arends.
 Mr. Wright with Mr. Morton.
 Mr. Fascell with Mr. Burton of Utah.
 Mr. Purcell with Mr. Dennis.
 Mr. Pryor of Arkansas with Mr. Frelinghuysen.
 Mr. Hanna with Mr. Saylor.
 Mr. Sikes with Mr. Berry.
 Mr. Rivers with Mr. McClure.
 Mr. Landrum with Mr. King.
 Mr. Aspinall with Mr. Robison.
 Mr. Davis of Georgia with Mr. Watson.
 Mr. Downing with Mr. Foreman.
 Mr. Dorn with Mr. Bob Wilson.
 Mr. Nedzi with Mr. O'Konski.
 Mr. Casey with Mr. Collins of Texas.
 Mr. Stratton with Mr. Button.
 Mrs. Green of Oregon with Mr. Wiggins.
 Mr. Mann with Mr. McKneally.
 Mr. Dowdy with Mr. Cunningham.
 Mr. Waldie with Mr. Wold.
 Mr. de la Garza with Mr. Meskill.
 Mr. Gilbert with Mr. Rees.
 Mr. Tunney with Mr. Collins of Illinois.
 Mr. Farbstein with Mr. Ottinger.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO FILE A REPORT ON S. 1079

Mr. CELLER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight to file a report on the bill (S. 1079) consenting to the Susquehanna River Basin compact, enacting the same into law thereby making the United States a signatory party; making certain reservations on behalf of the United States, and for related purposes.

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

There was no objection.

ASSISTANCE FOR PROFESSIONAL AND TECHNICAL TRAINING IN THE FIELD OF FAMILY MEDICINE

Mr. ANDERSON of Tennessee. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1268 and ask for its immediate consideration. The Clerk read the resolution as follows:

H. RES. 1268

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. 19599) to amend the Public Health Service Act to provide for the making of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. 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.

The SPEAKER pro tempore (Mr. PRICE of Illinois). The gentleman from Tennessee is recognized for 1 hour.

Mr. ANDERSON of Tennessee. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Illinois (Mr. ANDERSON), and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1268 provides an open rule with 1 hour of general debate for consideration of H.R. 19599 to provide assistance for professional and technical training in the field of family medicine.

The purpose of H.R. 19599 is to establish training programs at medical schools and teaching hospitals for the training of medical students to serve as family physicians, and for the training of auxiliary personnel to aid in the practice of family medicine. The number of general practitioners has been steadily declining in recent years and the purpose of this bill is to attempt to halt this trend.

Grants would be provided to public and nonprofit medical schools for construction of appropriate facilities, special training programs in the area of family medicine, and financial assistance in the form of scholarships, fellowships, or stipends to needy students.

Authorizations include \$50 million for fiscal year 1971, \$75 million for fiscal year 1972, and \$100 million for fiscal year 1973 and each of the next 2 succeeding fiscal years.

An Advisory Council on Family Medicine would be appointed, consisting of 12 members, to advise and assist the Secretary of Health, Education, and Welfare in the administration of the act.

The bill was reported unanimously by

the Committee on Interstate and Foreign Commerce and there was no controversy in the Committee on Rules. Similar legislation has already been passed by the other body.

Mr. Speaker, I urge the adoption of House Resolution 1268 in order that the bill H.R. 19599 may be considered.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, I want to express my firm support for this bill to provide assistance for professional and technical training in the field of family medicine. This bill is of particular significance, I believe, because it attempts to deal with the shortage within the doctor shortage. We continually hear that this country is suffering an acute deficiency of physicians, that we need to double the size of the graduating classes of our medical schools, and that it would take almost 50,000 doctors immediately to compensate for our current deficit. But what is less often recognized is that these aggregate figures, disturbing as they are, obscure the even more fundamental problem of poor distribution of general practitioners among the doctors that we do have.

Let me cite a few revealing statistics. In 1931 over 75 percent of the physicians in this country were engaged in general or family practice; by 1949 less than 50 percent were engaged in that type of practice; and today the figure is at a phenomenal low of 20 percent, and still dropping because less than 15 percent of recent medical school graduates have indicated an intention of going into primary health care practice. To put this another way, in 1931 there was one primary-care physician for every 1,000 persons in the Nation; today there is scarcely one primary-care physician for every 3,000 persons.

By pointing to this massive shift away from family practice into the specialties, I am not attempting to suggest that specialization is bad or undesirable, nor that all our problems would be solved if we could just bring back the old country doctor. Clearly the Nation has benefited greatly from the growing specialization and sophisticated research in the medical care field; but it is my contention that it could benefit even more if we had an adequate primary-care system to provide "entry points" for individuals into the health care system. An adequate system of primary health care could provide the kind of preventive and diagnostic care that we now so often lack, and would permit us to make more effective use of our specialty-care resources.

This is the point where our medical schools are failing to do the job adequately. Of 100 medical schools in the Nation, only nine have full-time departments of family medicine. Given this lack of training programs it is little wonder that we are suffering such an acute shortage of family doctors.

Yet, it is interesting to note that another 15 medical schools have family medicine departments in the planning stage and 20 other schools are conducting feasibility studies. The real roadblock to getting these family medicine

training programs underway at the moment is the lack of funds.

And that is just the point of the bill before us today. By providing \$50 million in the first year and eventually \$100 a year to aid the development and operation of departments of family medicine, I believe that we could get many of these proposed programs out of the blueprint stage, and into operation and the production of the large numbers of family doctors desperately needed by our society today. For this reason I would urge all my colleagues to give this bill their full support.

Mr. ANDERSON of Tennessee. 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. STAGGERS. 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. 19599) to amend the Public Health Service Act to provide for the making of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine.

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. 19599, with Mr. BOLAND in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule the gentleman from West Virginia (Mr. STAGGERS) will be recognized for 30 minutes and the gentleman from Illinois (Mr. SPRINGER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Chairman, this bill would establish a program for the training of medical students to serve as family physicians. The number of persons serving as general practitioners has been steadily declining in recent years, and this bill is intended to reverse this trend.

Our Subcommittee on Public Health and Welfare held 3 days of hearings on legislation in this area, and as a result, introduced this bill as a clean bill. The full committee was unanimous in ordering the bill reported.

The bill would provide for the establishment of training programs at medical schools and teaching hospitals for the training of medical students to serve as family physicians, and would also provide for the training of auxiliary personnel to aid in the practice of family medicine.

Family medicine is a new specialty recently created to describe physicians formerly referred to as general practitioners. The family physician is intended to be the primary contact of persons

suffering from illness, with the family physician referring patients to specialists in cases where a specialist's services are needed. For over 20 years now the number of persons serving in this specialty has been steadily declining, primarily as a result of medical school graduates seeking specialty training after their graduation. Until very recently, the number of medical students going into practice as family physicians has been steadily declining, with, in some cases, as few as 5 percent of the graduates of particular schools going into this specialty and the other 95 percent specializing in other areas of medical practice. In the past couple of years, a substantial number of medical students have expressed interest in becoming family physicians, and we believe that this bill will encourage this trend, and provide larger numbers of physicians for general care of patients, as contrasted with specialists.

Although the reported bill will not increase the number of graduates of medical schools, we feel that its enactment will make a significant contribution to solving one of the more difficult aspects of our present shortage of physicians. By providing a larger number of persons available for care of all patients, the bill should lead to better availability of medical services through providing more persons available for the furnishing of primary care, who can then refer cases to other specialists.

The bill would provide for the making of grants to medical schools to operate, as an integral part of their medical education program, separate and distinct departments devoted to providing teaching and instruction in all phases of family practice. This would include provisions for continuing legislation. The bill would also authorize grants for construction of such facilities as may be appropriate for training in the field of family medicine, and would also cover the cost of special programs for allied health professionals designed to aid physicians in providing primary care. In addition, the bill would authorize grants to cover part of the costs of special training programs to teach and train medical personnel to head departments of family medicine in medical schools, or authorize to teach in this specialty.

The bill also provides for grants to teaching hospitals to cover special training programs for interns and residents in the field of family medicine, as well as programs for practicing physicians, and would cover grants for construction costs of appropriate facilities.

The bill would also authorize financial assistance to interns, residents, or other medical personnel who are receiving training in the field of family medicine, and would provide for covering part of the costs of special training programs for allied health professionals at these schools.

The bill authorizes \$425 million over a 5-year period to cover costs of the program. During the hearings, it was estimated that these amounts would lead to the training of approximately 1,580 physicians annually.

The Subcommittee on Public Health and Welfare held 3 days of hearings on

this bill, and the committee was unanimous in ordering the reported bill to the House. We, therefore, recommend its passage by the House.

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

Mr. STAGGERS. I shall be happy to yield to the gentleman from Iowa.

Mr. GROSS. I assure the gentleman from West Virginia that I will not have too many questions concerning this bill and shall not take the time that I did on the other bill as proposed by the gentleman.

What is there to hold this family doctor or general practitioner in an area where he can serve the general public?

Mr. STAGGERS. Well, this was one of the problems that the committee came up against. However, the bill does not deal with that problem directly. We can only say this: that we will be able to turn out more family doctors and we hope they will go to and remain in the local communities, and that we will get a fair dispersal of them across the Nation.

Mr. GROSS. In other words, all we have is the hope that he will remain a family doctor and provide medical service to communities that need it.

Mr. STAGGERS. I would like to say to the gentleman from Iowa that I would like to yield to my distinguished colleague from Kentucky who is a family doctor, to answer more fully the questions of the gentleman from Iowa.

Mr. CARTER. I thank the distinguished chairman.

After 3 years of training there will be those who will wish to engage in family practice. It is thought that by virtue of this particular training they will enter this field and will not leave it. It is quite true that they are needed in many, many sections of the United States, rural areas and also in our city areas. I trust that this answers the gentleman's question.

Mr. Chairman, the purpose of this bill is to revise the trend away from family medicine, or general practitioners, which has been established over recent years. The proposed methods to do this include:

Medical schools will operate a separate department to provide teaching and instruction, including continuing education in all phases of family practice. They will be authorized to construct necessary facilities and to operate or participate in special training programs for paramedical personnel in the field of family medicine.

Also to operate or participate in special training programs to teach and train personnel to head these departments.

And to provide grants to public and nonprofit hospitals which provide training programs for medical students, interns, or residents, and to operate special professional training programs, including continuing education in the field of family medicine.

To construct necessary facilities and to provide financial assistance in the form of stipends, scholarships, fellowships, to personnel who are in need, and who are participants in this specialty field, and who plan to specialize their work in the field of family medicine.

To operate or participate in special

training programs for paramedical personnel in the field of family medicine.

Most medical schools or hospitals do not have such programs. Fifteen at the present time have begun to establish these programs, and 20 have them under consideration.

Of the funds to be appropriated, not more than \$5 million may be utilized for planning and development grants.

The cost in the first year will be \$50 million; the second year \$75 million; and in the third year \$100 million.

I want to say that I feel the vast majority of the Members of this body realize that we have a great shortage of family physicians throughout our country, and that there is a great need for them. This is one way by which we may supply them.

I feel that this bill does not call for a great outlay of money. I feel that the need for family physicians is great. Therefore I strongly urge the passage of this bill.

Mr. JARMAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. ROONEY).

Mr. ROONEY of Pennsylvania. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, each of us has heard time and again the sorry statistics which substantiate the critical shortage of doctors in America. We know, too—many of us from personal experiences in our own congressional districts—how the short supply of doctors, nationwide, has been made more critical in rural America by the migration of medical manpower to urban areas.

The shortage has been with us a good, long time. Yet, there is no relief in sight because students of medicine are being attracted into specialty fields, and because medical schools have not been able, on their own, to expand training programs in the field of family practice.

We have before us today a measure which is not the cure-all, I am sure. But it is a beginning. By its passage today, this Chamber will be telling the medical profession that we are prepared to join with our medical schools, and hospitals and health professionals to overcome the critical manpower gap that now thwarts their best efforts to raise the quality of health care in America.

This is a beginning because the bill is aimed at combating the problem at the only place it can be combated—at the medical school where training programs and facilities must be expanded if we are to prepare more students to assume the roles of family physicians.

This bill authorizes the expenditure of \$225 million over the first 3 years of its operation to carry out its objectives.

In capsule, the objectives are to upgrade family practice to departmental level in public and private nonprofit medical schools, to aid the construction of facilities needed to operate these departments of family medicine, and to assist with the establishment of special training programs for paramedical personnel in the family medicine field.

Public and private nonprofit hospitals, which share in the training of medical students, interns, and residents, will be

aided to operate special training programs in the field of family medicine, and to construct the facilities necessary to carry out such programs.

Further, it offers help in providing financial assistance, in the form of scholarships, fellowships or stipends, to interns, residents, and other medical personnel who participate in the specialty training in family medicine these hospitals will provide.

Applications for grants will be reviewed by an advisory council on family medicine consisting of practicing physicians, teaching physicians, representatives of the general public, and a representative of the student doctors, themselves. Only upon recommendation of this council and approval of the secretary will grants be made under this legislation, and then only in accordance with the guidelines which have been spelled out in the bill.

As Dr. Roger Egeberg, the Assistant Secretary of the Department of Health, Education, and Welfare, said some months ago, there is an urgent need for family doctors who can treat some 90 percent of the illnesses that afflict our population and which do not necessarily require the attention of a specialist.

The family doctor, with his intimate knowledge of the medical history of a family unit, is in a unique position to diagnose symptoms which warrant referral to a specialist, while he himself attends to the myriad of ailments which require professional attention and treatment. His role is absolutely vital to the success of quality health care delivery in America. He serves in large measure as the early detection system for symptoms of developing serious afflictions and ailments.

The specialist simply cannot survive in the small community and has no choice except to base his specialized practice in or near an urban center. The generalist—the family physician—is in too short supply to serve the thousands of communities across the country that are without the services of a doctor.

The ever-declining number of family physicians has caused a critical weakness in our Nation's health care delivery system that must be repaired now.

What makes the family doctor so unique and so vital is his broad-based training to prepare him for his front line role in health care delivery. He is trained broadly in internal medicine and preventive medicine, in pediatrics and obstetrics, in psychiatry and gynecology. In the community, he often is called upon to do even more. He frequently is called upon by his family of patients for guidance and counseling, for consolation and reassurance.

I wish it were possible at this moment for each of my colleagues to meet one such family physician at this moment. Ever since I first introduced legislation to combat the shortage of family physicians nearly 2 years ago members of my staff and I have come to know a man who epitomizes the family physician. I speak of Dr. Amos Johnson, a small-town family physician from Garland, N.C., and a past president of the American Academy of Family Physicians.

To speak with this man but briefly

is to understand the importance of favorable action on the bill before us today.

Some 60 or more Members of this Chamber, from both sides of the aisle, joined me in introducing this legislation and urging it along to the point of floor consideration today.

It is my hope this Chamber will show its common determination to make quality health care a reality in America by joining in support of this measure—a bill that represents but one step, one very important step.

Mr. CARTER. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Chairman, I rise in support of H.R. 19599. At a time when this Nation faces a critical medical manpower shortage, this bill is offered as an honest attempt to stimulate interest and support in the field of family medicine. The bill will provide financial assistance to medical schools and hospitals to develop programs in the field of family practice and encourage medical students and personnel to enter family medicine.

Family medicine is a new name for that part of the medical profession once referred to as general practice. The number of general practitioners or family doctors has declined in recent years as a result of a phenomenal rush in the medical profession to specialized fields. It has been estimated that in 1967 one out of every five doctors was engaged in family practice compared to three out of four doctors in 1931. Today's preoccupation with specialization presents obvious problems of proper distribution of physician manpower and has created a serious hardship on many middle- and low-income families which have been dependent on a family physician for their medical care needs. This bill is meant to help reverse this trend by encouraging medical students to take up family practice. The incentive—the inducement—must come through the medical schools and that is the thrust of the assistance provided in this bill.

There is a critical physician shortage, especially family doctors, in the 10th Congressional District of Ohio. Many of the doctors presently in practice are nearing retirement and no one is coming in to replace them. Most of the physicians are overworked. One county—Vinton—has one doctor to serve the whole county. Several other counties face a similar dilemma and are desperate to find a medical school graduate who will locate in a rural area and serve the entire needs of a community.

I firmly believe that we must commit ourselves to assist hospitals and medical schools in providing the necessary medical care that the American public deserves and is demanding. This bill is an important part of this commitment. General practitioners are the backbone and lifeline for medical care in rural areas like southeastern Ohio. That is why this bill is important to Ohio's 10th District and why I am giving it my full support.

Mr. CARTER. Mr. Chairman, I have no requests for time on this side.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may require to the

gentleman from North Carolina (Mr. PREYER).

Mr. PREYER of North Carolina. Mr. Chairman, the quality of medical care in the United States is excellent but the distribution and delivery of this excellent medical care is poor. Our medicine does more and more for fewer and fewer. Urban centers, with their medical specialists, provide the best medical care in the world, but there are many rural areas and smaller communities which have no medical services at all, or have very limited services.

Even in areas where there are good medical services, there is usually a great shortage of general practitioners, or family doctors. A few years ago, 50 percent of all doctors were general practitioners; today the figure is 20 percent. This means that access to primary medical care is unduly limited. A patient needs someone to identify with, someone who is his doctor, someone he can call and say, "Doc, what do I do about my son's drug problem." It is not helpful to call a specialist at 11 p.m., and be told, "Sorry, that's not my field." We need to emphasize preventive medicine—which means emphasizing the family doctor or general practitioner—rather than simply curative medicine—which means the specialist. The purpose of the family doctor is to be responsible for the good health of an entire family, to prevent their being sick rather than curing them after they get sick. Since there is such a shortage of family doctors, or general practitioners today, the emergency room of our hospitals often serve as the first place where a patient has access to primary medical care.

Furthermore, the average person can not afford to miss a day's work, or pay the cost of a baby sitter, to drive some distance to a central hospital for a minor ailment. This means that we must distribute medical services more widely.

I am proud to be a cosponsor of two bills which will help meet this problem. One bill is the family medicine bill, before the House today. The other is the Emergency Health Personnel Act of 1970 which today was reported out of the Public Health Subcommittee of the House and will come to the House floor shortly.

The family medicine bill attempts to remedy the great shortage of family doctors by emphasizing family practice, giving it emphasis and stimulating more young doctors to enter this field of practice. It would make "family practice" a specialty in medical schools in its own right, thus giving it status with the other specialties, and provide funds for training them.

The shortage of family doctors is double that of any other medical specialty. In the past, only 15 percent of the graduates of medical schools have been going into family practice. This bill attempts to increase the supply of family medicine practitioners to meet that need by allocating funds for training family medical personnel in hospitals.

The Emergency Health Personnel Act of 1970 deals with the problem of maldistribution of health services. It authorizes the Public Health Service to assign health personnel to practice in

areas where there are critical medical manpower shortages. This generally means rural areas, where often no medical services are available, smaller communities, and ghetto areas. The medical personnel would be assigned for a period of 2 years, with the option of renewal for a longer period. It is contemplated that this would have great appeal for younger doctors and young medical personnel such as medics from Vietnam who will volunteer to join the Public Health Service for 2 years. Such personnel would only be sent to areas which request this help.

This bill also contains provisions for loans on favorable terms to medical personnel as an incentive to practice in these areas.

We must be realistic and recognize that this bill is not a final solution to the problem. But it is the only innovative program brought forward to date to help solve the problem where no medical services are available. The alternatives have not worked—financial inducements, foreign medical graduates, and so forth. A hopeful sign is the enthusiasm of the young medical students for the program. A few years ago most young medical students were interested only in research. Now they want to participate in a direct service to the people in a way that is relevant to improving the quality of life in the United States. Our medical science breakthroughs are not getting down to the people in the form of practical health care. "Medicine is for man," and our young people have shown a concern for human beings.

Furthermore, the bill will give new impetus and enthusiasm to the Public Health Service. It will make it an exciting service to join and will help revive its flagging morale.

The House version of this bill differs from the Senate version in that it is not limited only to "poverty" areas. We find the shortage exists in many areas which could not be so described. For example, Caswell County in the Sixth District has a critical medical manpower shortage but the county would not come under a "poverty" designation.

I urge the passage of both of these bills. The public will be the beneficiary.

As the old Arab proverb has it, "he who has health has hope, and he who has hope has everything."

Mr. STAGGERS. Mr. Chairman, I yield to the gentleman from Florida (Mr. ROGERS), a member of the subcommittee, such time as he may require.

Mr. ROGERS of Florida. Mr. Chairman, I too rise in support of this bill.

It is a very needed piece of legislation. Also, Mr. Chairman, I would like to commend the gentleman from Pennsylvania (Mr. ROONEY) and Dr. Amos Johnson who has been mentioned previously and who has done an outstanding job in presenting to the Congress the need for this legislation.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may require to the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Chairman, I rise in support of H.R. 19599, which will provide assistance for training physicians in the field of family medicine.

It is estimated that this country's shortage of doctors is 50,000 at this time, and even though medical schools are increasing enrollments, the demand for physicians' services is increasing faster than our ability to meet them.

And while there is a shortage of doctors in every section of the country, the problem is even worse in our rural areas. In recent years, there has been a drastic decline of the number of doctors in rural America. Young doctors are not replacing general practitioners in sufficient numbers to meet increasing health care needs. It is estimated that only 15 percent of today's medical school graduates will enter general practice. Of those who do, only a few will go to the rural areas where the need is greatest.

This legislation we are considering today is designed to reverse the trend toward specialization in the medical profession. The purpose of this bill is to attempt to halt this trend and possibly reverse it by encouraging medical students to take up the practice of family medicine.

Recruitment of family physicians has not kept pace with attrition. Many communities in Alabama are without the services of a doctor at this time. The latest figures show that each Alabama doctor must provide patient care for an average of 1,300 people, while the average doctor in the United States must provide care for 765 people.

Specialization in the field of medicine has made it possible for us to make major breakthroughs in modern medical science and enormous improvements in patient care. But what is most needed at this time in our history are general practitioners who are able to provide their patients with total health care.

I am confident that this bill, H.R. 19599 will be a major step toward improving health care in America, and I am pleased to give it my wholehearted support.

Thank you.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may require to the gentleman from Maine (Mr. KYROS).

Mr. KYROS. Mr. Chairman, I rise in support of this legislation. It has been my pleasure to serve on the Subcommittee on Public Health and Welfare which has considered assistance for training in the field of family medicine. I am particularly interested in the benefits of the proposal under discussion which would accrue to my own State of Maine, one of five States with no medical school of its own.

In Maine, fewer than one third of our 1,000 practicing physicians are family doctors. Nationally, only one out of five doctors is a family doctor. Most disturbing to me is the current trend of specialization: only 15 percent of our medical school graduates are currently going into family medicine. The small rural towns of Maine provide ample demand for a family doctor, but not enough demand to support a specialist. This legislation would encourage practice of additional family doctors in Maine by providing funds to establish departments of family medicine in our medical schools, by providing funds to hospitals to set up special family medicine training programs for

interns and residents, and by establishing scholarships for needy medical school students and interns who will pursue a career in the field of family medicine.

Specialized medicine tends to be curative medicine which treats an already established disease. Family medicine is preventive medicine. This bill today goes a long way to restoring the role of the family doctor in our health care system.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may require to the chairman of the subcommittee that reported out the pending bill, the gentleman from Oklahoma (Mr. JARMAN).

Mr. JARMAN. Mr. Chairman, much is heard today about the need for larger numbers of physicians to help meet the needs of the American people for adequate health care. But even as we are able to make a significant increase in our physician supply, large numbers alone will not be enough. We need more physicians who are prepared to meet differing health needs. In particular, we need more doctors to serve as family physicians.

In recent years, the number of general practitioners has steadily declined as a result of increased specialization in the medical profession that has come about because of new medical knowledge and technology. This very growth of specialization, however, has intensified the need for physicians who can provide continuing care to a particular individual and his family. The new specialty of family medicine has been recently approved by the medical profession as a means for helping assure to the individual comprehensive care, including preventive, diagnostic, therapeutic, rehabilitative, and health maintenance services.

Nor can physicians who are specialists in family medicine make their full contribution without assistance from other appropriately trained personnel in the field of family medicine. These will include nurses and other existing types of personnel given special preparation, as well as new types of health workers trained to assist physicians in providing continuing care to individuals and families.

At the present time, the Federal Government provides general support for medical education under the health professions educational assistance program. Federal aid for the training of certain specialists is available under various programs to accomplish particular health missions such as the strengthening of medical research or the improvement of care of specified diseases or disabling conditions. There are general programs of support for allied health training. But there is no program targeted toward increasing the supply of well-trained physicians and other personnel in the field of family medicine.

H.R. 19599 as reported favorably by the Committee on Interstate and Foreign Commerce would provide for a program of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and to encourage and promote the training of medical and other personnel in the field of family medicine. These grants would help pay the costs of operating teaching pro-

grams, including faculty salaries and other teaching costs. They could be used to assist in constructing facilities appropriate to carry out family practice training, whether in the medical school or hospital or as a separate outpatient or similar facility.

Stipends for medical students, interns, and residents who are participating in family practice training programs and who intend to specialize or work in the field of family practice would be authorized. Because specialty training in family medicine is not provided exclusively at the initial, graduate, or immediate postgraduate levels of training of physicians, H.R. 19599 would also authorize support of short courses and other forms of continuing education for physicians who are already in practice.

H.R. 19599 authorizes appropriations of \$50 million for fiscal year 1971, \$75 million for fiscal year 1972, and \$100 million for fiscal year 1973 to carry out the purposes of the legislation. These sums are large, but with them it is estimated that there could be established new departments of family practice in some 75 schools of medicine and osteopathy and new family practice training programs in some 300 hospitals. If we are to affect significantly the growing needs of the people of this country for continuity of medical care while we maintain and increase the numbers of physicians in existing specialties—whose services are also required for good health care—a program of this magnitude is required.

I urge enactment of H.R. 19599.

Mr. SEBELIUS. Mr. Chairman, I appreciate this opportunity to express my support for H.R. 19599, the Family Practice Medicine Act of 1970.

As many have mentioned, there is an urgent need for this legislation. The number of general practitioners has been steadily declining in recent years as a result of increased specialization in the medical profession.

Specialization is also depriving rural areas of doctors. Fewer than 18 percent of today's medical school graduates choose general practice. In 1940, the figure was 75 percent. We must provide adequate incentive for students to study family medicine.

We have a real medical crisis in our rural areas: in my district of western Kansas this crisis is already apparent.

Today, many communities in my district cannot effectively utilize existing hospitals and medical care facilities due to the lack of general practitioners. This has also created an enormous burden on the available practitioners in our rural and small-town areas who provide effective service around the clock in rural and small-town America.

No one in western Kansas needs to be told we have an acute doctor shortage or less than adequate health care. My office is in constant touch with communities who are actively campaigning and even competing for family doctors. This bill will be a first step in getting more family doctors to rural and smalltown America.

I think this legislation authorizing grants to medical schools and hospitals to assist in establishing special depart-

ments and programs in the field of family medicine could be a major breakthrough in our efforts to halt and reverse the steady decline in the number of general practitioners.

For too long now medical schools have been spending a disproportionate amount of energy and funds on research and ignoring peoples' needs. This legislation will provide new emphasis on the stethoscope rather than the microscope. It emphasizes the medical needs of our people and should be enacted.

Mr. PICKLE. Mr. Chairman, in the past several years, we in the Commerce Committee have had the increasing shortage of medical personnel in this country repeatedly brought to our attention. As the population has continued to grow, this shortage has begun to reach crisis proportions, and this is a fact which I think most of us realize.

The problem comes in deciding how best to combat this shortage. I would submit to you today that the family practice bill attacks a critical gap in our medical services and would be an efficient and effective way of helping to counteract the medical personnel shortage.

This legislation has widespread support in both the House and the Senate. My colleague, Hon. FRED ROONEY of Pennsylvania, introduced this legislation in the House and I joined in cosponsoring this much-needed legislation. Senator YARBOROUGH introduced similar legislation in the Senate.

The family practitioner is in a unique position to consider and to treat persons in the context of their family and surroundings. He is in a position to spot abnormalities which might lead to early diagnosis of more critical illnesses. Perhaps most important, he is in the best position to emphasize preventive health.

Moreover, we must remember that it is the rural poor, the ghetto dweller, the elderly, the migrant, who are the people who have suffered most by the decline of the family doctor for they lack the means and the family tradition of looking for the kind of medical care they need. In many cases, the emergency rooms of our hospitals have been forced to play the role of general practitioner—but by the time a poor family arrives on the steps of a hospital, corrective measures are almost bound to cost a lot more than if a family doctor had been able to get treatment to them earlier.

Due to the mushrooming of medical knowledge and technology, the trend in our medical schools is to move into specialized fields. Today about 80 percent of the graduates from medical school go on to specialized training. Meanwhile, the percentage of medical personnel engaged in general practice has actually declined.

The family practice bill provides a comprehensive approach to developing a new specialty—family medicine. It will aid schools and hospitals in the training of family doctors. It goes further and encourages the training of paramedical personnel which will be of invaluable service in our rural, ghetto, and remote areas. These medical people will be able to assist in spreading the use of preventive medicines and in getting people who

need attention and the available medical services together. The bill goes on to establish a 12-man advisory council in the Department of Health, Education, and Welfare to assist in the administration of funds allocated in this law and in the furtherance of the practice of family medicine.

I submit to you that this is a sound bill, and a needed bill. I urge that it be enacted.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of the measure introduced by my good friend and colleague, Congressman FRED ROONEY of Pennsylvania. I know that Congressman ROONEY has worked diligently on this proposal and I certainly believe that this measure deserves our wholehearted support. This bill, which provides assistance for professional and technical training in the field of family medicine, will go a long way toward closing the gap between potential and performance in the area of general health care.

For, despite our advanced technology and our massive expenditures in this area, statistics show that Americans presently receive poorer care and die sooner than do the citizens of most of the other industrialized countries of the world.

For, despite our breakthroughs and our successful experimentation with cures for apparently incurable diseases, we are falling further behind in the general care of our people. I feel that this bill will help establish a firm base from which we can rebuild the role of the general practitioner in family medicine.

I hope my colleagues in the House will give Mr. ROONEY's bill the same near-unanimous support that it received in the Senate.

Mr. DULSKI. Mr. Chairman, the bill before us deals with a problem which, I believe it is fair to say, has reached into practically every home in the past few years.

The problem, in short, is the virtual passing from the scene of the so-called family doctor or as the profession knows him: the general practitioner—GP.

Only 40 years ago, at the time of the historic stock market collapse, three out of four of all practicing physicians in our Nation were general practitioners.

Today, I am told that less than one in five, less than 20 percent, of practicing physicians are general practitioners. The other physicians are specialists in surgery, pathology, radiology, internal medicine, psychiatry, pediatrics, and so forth.

Those specialists are vitally needed in today's sophisticated and rapidly growing field of medicine.

But the need is no less for family doctors—physicians who can provide general medical care for the entire family, from childhood to old age.

It is true that some medical schools are finally beginning to recognize the need for training family doctors. But the supply is only a drop in the bucket as compared with the need.

The family doctor needs to be trained in particular in preventive medicine, taking into account the family makeup and surroundings.

A second function is to advise families whom to consult when it is apparent the illness requires the counsel of a specialist—the average family does not understand the medical specialist and needs the advice of a close family friend, the family doctor.

I introduced legislation last February (H.R. 15880) which is essentially the same as the bill reported from the Interstate and Foreign Commerce Committee and now pending before the House.

This is a good bill. It may not be a cure-all and I do not want to give the impression that enactment into law is going to result in family doctor shingles popping up all around the country overnight.

It is going to take time to train these family doctors. Indeed, it is going to take time for the medical schools to get ready and staffed to teach the increased number of family doctors.

The pending bill, like my bill, would authorize the appropriation of \$50 million for the fiscal year beginning next July 1, another \$75 million for the following fiscal year, and then \$100 million for each of the next 3 fiscal years.

These appropriations would be for the purpose of making grants to medical schools and hospitals to establish departments and programs in the field of family practice and to encourage the training of medical and paramedical personnel in the field of family medicine.

I commend the Committee on Interstate and Foreign Commerce for its diligence in considering promptly this important matter. Its report to the House makes very clear the necessity for the recommended approach. I refer in particular to the requirement of participating schools that they have or be in the process of establishing a separate and coequal department of family medicine.

There also is need for the advisory council to assist in dealing with policy issues without, at the same time, giving the council such a dominant role that it can be more obstructive than constructive.

Mr. Chairman, I urge the strong support of the House for H.R. 19599. It is one way we can help put the family doctor back into our Nation's family life.

Mr. MATSUNAGA. Mr. Chairman, no longer are the American people startled by talk about a crisis in health care. Almost everyone recognizes that a crisis exists at almost every point in the health care delivery system.

But we must not allow our senses to become so dulled that we do not seize an opportunity to act positively to deal with a particular aspect of this critical situation. Today, Mr. Chairman, we have such an opportunity.

One of the most visible symptoms of the seriousness of the difficulty is the shortage, not merely of doctors, but specifically of family doctors—the general practitioner. Even with the severely limited supply of physicians, if, as was the case in 1931, 84 percent of the physicians became family doctors, hundreds of thousands of Americans would immediately enjoy improved health care. But no longer do 84 percent deal directly with the general health problems of their

patients; that figure has declined steadily until, in 1967, only 20 percent of the doctors in private practice were general practitioners.

In my own State of Hawaii, I am informed that without exception every family doctor is overworked. And although family practitioners comprise only about one-fourth of the total number of physicians, at least one-half of the requests received by the Hawaii Medical Society for physicians to practice in Hawaii are for family doctors.

The same situation is true throughout this country. No one is really to be blamed for this situation. The complexity of modern medicine practically dictated the increasing specialization that has drained doctors from the practice of family medicine.

But in the process of devising increasingly sophisticated remedies for increasingly sophisticated maladies, we have, to an alarming degree, eliminated the family doctor.

Our Nation cannot afford the loss: not because of some romantic notion of the kindly family doctor, but because of the central role of the family physician in the country's health care delivery system. Family doctors provide the traditional point of entry into the system, capable of dealing personally with an estimated 85 percent of the illnesses encountered. They can evaluate the need for more specialized treatment. They can assume responsibility for the family's continuous and comprehensive health care needs. Unable to find a family doctor with whom to plan a preventive health strategy, hundreds of thousands, perhaps millions, of American families receive their health care on a crisis-to-crisis basis. Their family doctor becomes, in effect, the crowded emergency room of an overburdened hospital. The result: poorer health for the family, and a needlessly heavier strain on our critically short health care resources.

Mr. Chairman, the enactment of H.R. 19599 can begin to deal with this intolerable situation. While the measure is not as generous as a very similar bill which I cosponsored, it provides for a healthy beginning in the funding of programs at medical schools and hospitals for the training of physicians and paraprofessional personnel in the field of family medicine.

I urge the passage of H.R. 19599.

Mr. GALIFIANAKIS. Mr. Chairman, I rise to support of H.R. 19599, the bill to provide assistance for professional and technical training in the field of family medicine.

This bill should go far toward remedying the shortage of physicians which we face today—a shortage which is already estimated at 50,000 and is certain to grow.

But if we cannot find a way to disperse the new physicians produced under this bill, I fear that our efforts will be in vain. It is essential, if we are to reverse the misallocation of health care in America, that we encourage these physicians to practice in our medically deprived areas rather than in the suburbs or affluent city areas.

Mr. Chairman, last summer I introduced a bill, H.R. 18689, to encourage

physicians, dentists, and other health specialists to practice in these areas. At present, more than 150 Members have joined me as cosponsors of this bill.

I urge the House to give this bill serious consideration in the next Congress. Without it, or a similar bill to distribute physicians through the population, we will produce more doctors without improving health care.

Mr. DERWINSKI. Mr. Chairman, as a cosponsor of H.R. 16359 which was superseded by H.R. 19599, I welcome this opportunity to support this legislation here on the floor of the House.

For too long the problems of family medical practice and the related shortage of physicians has been discussed in a manner of complacency. I feel that we now have enough evidence to warrant action on this legislation which would establish new programs in the field of family medicine by amending the Public Health Service Act to provide grants for the establishment of departments and programs in the field of family practice.

With the obvious growing population, an increased need for medical doctors is recognized. While we have acted with initiative in furthering research, surgery, and treatment of all types of diseases, we must not overlook the ever-increasing need for skilled personnel. Certainly family doctors and or general practitioners are a key to an effective national health service.

Therefore, Mr. Chairman, I am pleased to lend my support to this measure and hope the other body will act expeditiously and pass it before Congress adjourns.

Mr. ROGERS of Florida. Mr. Chairman, I rise in support of H.R. 19599, a bill which I am cosponsoring with several distinguished colleagues, which amends the Public Health Service Act to establish a grant program to assist medical schools and hospitals in establishing special departments of family medicine for medical and paramedical students.

Although the trend toward specialization in medical practice and in medical school curriculums has brought our Nation great advances in medical technology and treatment of impairments to man, there is a tendency for recently graduating physicians to choose to specialize rather than to go into general practice.

There is a great need for the general practitioner, especially in those rural and urban areas which have a severe shortage of doctors. There are many counties in our Nation which do not have any doctors. A general practitioner is well trained for the task of giving general diagnosis and treatment to the patient. If he thinks a specialist is needed to assist him in the treatment or diagnosis of the patient, the patient is sent to that specialist. Medical schools should be encouraged to revitalize their programs for the training of general practitioners and to make certain that these programs are an important part of the medical educational process.

There is no doubt that our Nation is becoming more and more specialized in its approach toward medical education. In 1931, three out of four doctors were general practitioners. Today, only 15

percent of our medical school graduates are choosing to go into family practice.

I think that we need specialization and increased medical technology so that we may continue our progress. But I also think that the general practitioner's approach to primary health care delivery, which emphasizes a diagnosis of the general health condition of the patient, is needed to give quality health care to the people.

Therefore, I urge my colleagues to join with me in supporting this important legislation.

Mr. PRICE of Illinois. Mr. Chairman, for many years the general practitioner was the nucleus of the practice of medicine in the United States. He provided his patients and their families with personal and continuous health care from prevention to rehabilitation. As a family physician, he kept in close contact with the needs of his patients.

In recent years, the number of family physicians has declined. More and more frequently, the medical student decides to specialize. As a result, there is an acute shortage of physicians, especially in the small communities.

To overcome this deficiency, the field of family practice should be made a specialty. This can be accomplished by providing medical schools and hospitals with the necessary assistance to initiate special training programs, construct appropriate facilities, and provide scholarships and stipends.

If the pressure now existing for comprehensive and continuous health care is to be alleviated, it is imperative that Congress take steps now. Funds must be provided for the establishment of comprehensive training programs. I, therefore, urge the passage of this bill.

Mr. MAYNE. Mr. Chairman, I rise in support of the pending bill, H.R. 19599. This legislation amends the Public Health Service Act to provide for grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, formerly referred to as general practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine.

This important legislation is aimed at alleviating the great shortage of family practitioners among the medical doctors of the United States. In 1931, three out of four physicians were general practitioners or family doctors. In recent years, the number of general practitioners has steadily declined as a result of increased specialization in the medical profession and downgrading of family practice. Today, only one in five physicians is a family doctor; 134 counties in the United States do not have a single medical doctor. This bill's purpose is to attempt to halt this trend and possibly reverse it, by encouraging medical schools and hospitals to establish departments of family practice and by encouraging medical students to take up family medicine for their professional careers.

I have long been deeply concerned with the steadily decreasing number of doctors serving the smaller cities and towns in my own State of Iowa. Many of these

communities are experiencing great difficulty in attracting new physicians to carry on family practices when the veteran practitioners who have served the communities so well find it necessary to withdraw from practice. The increasing difficulty of obtaining health services is one of the most urgent problems confronting our towns and indeed all rural America. Families tend to move away from a community, contributing to the population loss encountered in many small towns and rural areas in this last census, when health services including family doctors become unavailable. Community leaders throughout Iowa fully realize this, and have displayed great ingenuity in commendable efforts to attract health personnel to settle in their respective communities.

It has been estimated roughly 40 percent of Iowa's physicians are still engaged in general or family practice. But this does not tell the whole story, for the number of general or family practitioners in Iowa is in a precipitous decline.

Not a day goes by without some Iowa physician engaged in family practice discontinuing that practice because of illness, death, or long-postponed retirement. Many of the communities served by these family doctors are unable to find replacements. While the total number of non-Federal physicians in Iowa has remained relatively stable—2,810 in 1963, 3,889 in 1967, and 2,878 in 1968, according to American Medical Association studies—the number of family doctors in Iowa has rapidly decline—from a total of 1,160 in 1963 to 1,071 in 1967, and to only 897 general practitioners engaged in patient care in Iowa in 1968. Iowa's doctor population is increasingly concentrated in the State's major cities.

The Iowa General Assembly, the Governor, the University of Iowa Medical School and the Iowa State Medical Society have been engaged in a cooperative effort to increase the number of students being trained in the medical school at Iowa City. However, many of these graduates continue to be attracted to specialized branches of medicine in Iowa or elsewhere, and are lost as far as the family practice needs of Iowa are concerned.

The Iowa Medical School has already taken the initiative in instituting a crash program in family medicine, with the active support of the Iowa State Medical Society and with widespread participation of general practitioners and specialists alike throughout the State. The medical school has established a department of family medicine and is about to engage the services of a leading practitioner, widely recognized for his outstanding ability and expertise in family medicine, as the head of this new department. Instructional facilities are being set up for this new department of Oakdale, Iowa, where a rural-oriented family practice clinic is planned; but much of the program of the department will be carried out in satellite clinics throughout Iowa.

The Iowa's Medical School's Department of Family Medicine will have a larger faculty than any other depart-

ment of the school. Its staff will include many practicing family physicians, on a part-time basis.

While State funds have been made available to finance this new department for the initial 6 months, the school urgently needs and is well prepared to utilize the assistance which H.R. 19599 will provide, to help it carry forward its family medicine training programs in the future.

As an alumnus of the University of Iowa, I am indeed proud that its college of medicine has shown such outstanding leadership in establishing a department of family medicine. Only nine other medical schools throughout the United States have begun to establish such departments. Far more are needed. The present bill will provide funds assisting in the implementation of such departments of family medicine and encouraging additional medical schools to engage in this very worthwhile program of concentration on family practice.

In the meantime, the shortage of general or family practitioners inflicts an extra hardship on family doctors currently practicing in small towns, rural areas, and even some urban areas seriously short of health professions personnel. Many of these family doctors are working heroically, straining their endurance and stamina to the very limits, often far beyond normal retirement age.

Mr. Chairman, it is not my intention in any way to derogate the great contribution being made by many dedicated doctors who have achieved expertise in various areas of specialized medicine. However, the attention of the public has too often been focused on the specialist, with the equally great contributions of general practitioners throughout the United States being sadly neglected. This bill provides belated but deserved recognition of the importance of family practice through its incentive to medical schools to establish departments of family medicine and through its encouragement to medical students to enter family practice. I sincerely hope that all Members of the House will enthusiastically support this very worthy bill.

Mr. ZWACH. Mr. Chairman, I am most happy to support H.R. 19599, assistance for professional and technical training in the field of family medicine. It is similar to a bill I introduced on October 16, 1969.

One of the great needs in countryside America is for more doctors and medical and health facilities.

In many localities, we see a doctor overworking himself day and night trying to care for an area which should be administered by two or more medical men.

Some few communities have succeeded in attracting doctors from other countries, but this source is very limited.

This bill would provide for the establishment of training programs at medical schools and teaching hospitals for the training of medical students to serve as family physicians and for the training of auxiliary personnel to aid in the practice of family medicine.

One of my aims in Congress is to encourage the rebuilding of countryside

America as an aid to curing the ills of the cities.

Vital to that rebuilding program are adequate health facilities. I believe this legislation is a big step in that direction.

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

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 19599

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part D of title VII of the Public Health Service Act is amended to read as follows:

"PART D—GRANTS TO PROVIDE PROFESSIONAL AND TECHNICAL TRAINING IN THE FIELD OF FAMILY MEDICINE

"DECLARATION OF PURPOSE

"Sec. 761. It is the purpose of this part to provide for the making of grants to assist—

"(a) public and private nonprofit medical schools—

"(1) to operate, as an integral part of their medical education program, separate and distinct departments devoted to providing teaching and instruction in all phases of family practice;

"(2) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a medical school or as separate outpatient or similar facility;

"(3) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine; and

"(4) to operate, or participate in, special training programs to teach and train medical personnel to head departments of family practice or otherwise teach family practice in medical schools.

"(b) public and private nonprofit hospitals which provide training programs for medical students, interns, or residents—

"(1) to operate, as an integral part of their medical training programs, special professional training programs in the field of family medicine for medical students, interns, or residents;

"(2) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a hospital or as a separate outpatient or similar facility;

"(3) to provide financial assistance (in the form of scholarships, fellowships, or stipends) to interns, residents, or other medical personnel who are in need thereof, who are participants in a program of such hospital which provides special training (accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education) in the field of family medicine, and who plan to specialize or work in the practice of family medicine; and

"(4) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 762. (a) For the purpose of making grants to carry out the purposes of this part, there are authorized to be appropriated \$50,000,000 for the fiscal year ending June 30, 1971, \$75,000,000 for the fiscal year ending June 30, 1972, and \$100,000,000 for the fiscal year ending June 30, 1973, and for each of the next two succeeding fiscal years.

"(b) Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for the purpose for which appropriated until the close of the fiscal year which immediately follows such year.

"GRANTS BY SECRETARY

"Sec. 763. (a) From the sums appropriated pursuant to section 762, the Secretary is

authorized to make grants, in accordance with the provisions of this part, to carry out the purposes of section 761.

"(b) No grant shall be made under this part unless an application therefor has been submitted to, and approval by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall have prescribed by regulations which have been promulgated by him and published in the Federal Register not later than six months after the date of enactment of this part.

"(c) Grants under this part shall be in such amounts and subject to such limitations and conditions as the Secretary may determine to be proper to carry out the purposes of this part.

"(d) In the case of any application for a grant any part of which is to be used for major construction or remodeling of any facility, the Secretary shall not approve the part of the grant which is to be so used unless the recipient of such grant enters into appropriate arrangements with the Secretary which will equitably protect the financial interests of the United States in the event such facility ceases to be used for the purpose for which such grant or part thereof was made prior to the expiration of the twenty-year period which commences on the date such construction or remodeling is completed.

"(e) Grants made under this part shall be used only for the purpose for which made and may be paid in advance or by way of reimbursement, and in such installments as the Secretary may determine.

"ELIGIBILITY FOR GRANTS

"Sec. 764. (a) In order for any medical school to be eligible for a grant under this part, such school—

"(1) must be a public or other nonprofit school of medicine; and

"(2) must be accredited as a school of medicine by a recognized body or bodies approved for such purpose by the Commissioner of Education, except that the requirements of this clause (2) shall be deemed to be satisfied, if (A) in the case of a school of medicine which by reason of no, or an insufficient, period of operation is not, at the time of application for a grant under this part, eligible for such accreditation, the Commissioner finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary makes a final determination as to approval of the application.

"(b) In order for any hospital to be eligible for a grant under this part, such hospital—

"(1) must be a public or private nonprofit hospital; and

"(2) must conduct or be prepared to conduct in connection with its other activities (whether or not as an affiliate of a school of medicine) one or more programs of medical training for medical students, interns, or residents, which is accredited by a recognized body or bodies, approved for such purpose by the Commissioner of Education.

"APPROVAL OF GRANTS

"Sec. 765. (a) A grant under this part may be made only if the application therefor is recommended for approval by the Advisory Council on Family Medicine and is approved by the Secretary upon his determination that—

"(1) the applicant meets the eligibility requirements set forth in section 764;

"(2) the applicant has complied with the requirements of section 763;

"(3) the grant is to be used for one or more of the purposes set forth in section 761;

"(4) it contains such information as the Secretary may require to make the determinations required of him under this section and such assurances as he may find necessary to carry out the purposes of this part;

"(5) it provides for such fiscal control and accounting procedures and reports, and access to the records of the applicant, as the Secretary may require (pursuant to regulations which shall have been promulgated by him and published in the Federal Register) to assure proper disbursement of and accounting for all Federal funds paid to the applicant under this part; and

"(6) the application contains or is supported by adequate assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a5). The Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 65 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"(b) The Secretary shall not approve any grant to—

"(1) a school of medicine to establish or operate a separate department devoted to the teaching of family medicine unless the Secretary is satisfied that—

"(A) such department is (or will be, when established) of equal standing with the other departments within such school which are devoted to the teaching of other medical specialty disciplines;

"(B) such department will, in terms of the subjects offered and the type and quality of instruction provided, be designed to prepare students thereof to meet the standards established for specialists in the specialty of family practice by a recognized body approved by the Commission of Education; or

"(2) a hospital to establish or operate a special program for medical students, interns, or residents in the field of family medicine unless the Secretary is satisfied that such program will, in terms of the type of training provided, be designed to prepare participants therein to meet the standards established for specialists in the field of family medicine by a recognized body approved by the Commission of Education.

"(c) The Secretary shall not approve any grant under this part unless the applicant therefor provides assurances satisfactory to the Secretary that funds made available through such grant will be so used as to supplement and, to the extent practical, increase the level of non-Federal funds which would, in the absence of such grant, be made available for the purpose for which such grant is requested.

"PLANNING GRANTS

"Sec. 766. (a) For the purpose of assisting medical schools and hospitals (referred to in section 761) to plan projects for the purpose of carrying out one or more of the purposes set forth in such section, the Secretary is authorized for any fiscal year (prior to the fiscal year which ends June 30, 1975) to make planning grants in such amounts and subject to such conditions as the Secretary may determine to be proper to carry out the purposes of this section.

"(b) From the amounts appropriated in any fiscal year (prior to the fiscal year ending June 30, 1975) pursuant to section 762(a), the Secretary may utilize such amounts as he deems necessary (but not in

excess of \$5,000,000 for any fiscal year) to make the planning grants authorized by subsection (a).

"ADVISORY COUNCIL ON FAMILY MEDICINE

"Sec. 767. (a) The Secretary shall appoint an Advisory Council on Family Medicine (hereinafter in this section referred to as the 'Council'). The Council shall consist of twelve members, four of whom shall be physicians engaged in the practice of family medicine, four of whom shall be physicians engaged in the teaching of family medicine, three of whom shall be representatives of the general public, and one of whom shall, at the time of his appointment, be an intern in family medicine. Members of the Council shall be individuals who are not otherwise in the regular full-time employ of the United States.

"(b) (1) Except as provided in paragraph (2), each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, three at the end of the third year, and three at the end of the fourth year, after the date of appointment.

"(2) The member of the Council appointed as an intern in family medicine shall serve for one year.

"(3) A member of the Council shall not be eligible to serve continuously for more than two terms.

"(c) Members of the Council shall be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service, employed intermittently.

"(d) The Council shall advise and assist the Secretary in the preparation of regulations for, and as to policy matters arising with respect to, the administration of this title. The Council shall consider all applications for grants under this part and shall make recommendations to the Secretary with respect to approval of applications for grants under this part.

"DEFINITIONS

"Sec. 768. For purposes of this part—

"(1) the term 'nonprofit' as applied to any hospital or school of medicine means a school of medicine or hospital which is owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;

"(2) the term 'family medicine' means those certain principles and techniques and that certain body of medical, scientific, administrative, and other knowledge and training, which especially equip and prepare a physician to engage in the practice of family medicine;

"(3) the term 'practice of family medicine' and the term 'practice', when used in connection with the term 'family medicine', mean the practice of medicine by a physician (licensed to practice medicine and surgery by the State in which he practices his profession) who specializes in providing to

families (and members thereof) comprehensive, continuing, professional care and treatment of the type necessary or appropriate for their general health maintenance; and

"(4) the term 'construction' includes construction of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings, including architects' fees, but excluding the cost of acquisition of land or offsite improvements."

Mr. STAGGERS (during the reading). Mr. Chairman, I ask unanimous consent that the bill 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 West Virginia?

There was no objection.

AMENDMENT OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STAGGERS: On page 4, lines 1 and 2, strike out ", and for each of the next two succeeding fiscal years"

On page 9, lines 21 and 25, strike out "1975" and insert in lieu thereof "1973".

Mr. STAGGERS. Mr. Chairman, this amendment makes this a 3-year bill instead of a 5-year bill. This was a mistake in the reporting of the bill. We usually authorize programs for 3 years, and this amendment conforms to that policy.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia.

The amendment was agreed to.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. SMITH of Iowa. Mr. Chairman, while I am not opposed to this bill, I do not think it does much in particular, because other legislation covers most of what is covered in this bill.

As a member of the Subcommittee on Appropriations for Health, Education, and Welfare I have felt somewhat frustrated for 2 or 3 years because we just do not seem to be able to get right down to the nub of the question and secure the delivery of more medical services in this country. Everybody is looking for some easy gimmick, and there just are no easy answers.

We have had the heads of medical schools before our committee, and we would say to them, "If we gave you all the money you could use, how many additional doctors could you train?" And they would say, "Perhaps by 1975—10 percent more."

We cannot solve the medical-delivery problems in this country with regard to the quantity of medical services solely by training more doctors. There is not the capacity to do it that way.

The only way we can secure adequate medical services is to have more paramedical personnel and change the laws of 50 States so they can be used more fully. The danger that I see in this kind of legislation is that because everybody wants to do something to improve medical services, if we do not watch out, we

tend to take some little bill that really does not do too much and assume that with it we have solved the problem, and therefore can go to sleep for 10 more years. And we just cannot do it that way.

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

Mr. SMITH of Iowa. I am glad to yield to the gentleman from Kentucky.

Mr. CARTER. If the gentleman read the bill carefully—and I am sure he has—he has seen the provision for the training of paramedical personnel in the bill.

Mr. SMITH of Iowa. We already have such provisions in other bills for the training of paramedical personnel, but we need to change the laws of 50 States so that they can be more fully utilized.

Mr. CARTER. I do not believe that is necessary. If they are trained, they can certainly be helpful anywhere. I see no reason why they could not be helpful.

Mr. SMITH of Iowa. State laws do not permit it. The gentleman is a doctor, and he knows that, in his own State of Kentucky, there are severe limitations on their use.

Mr. CARTER. The term "paramedical personnel" includes many different types of personnel. It does not include only a man who would substitute for a physician. It includes technicians and other helpers. Those are the people we rely upon very greatly.

Mr. SMITH of Iowa. But as long as we have as many limitations in State laws as we have, a doctor cannot reserve enough of his own highly skilled services for work others should not do, and, until he can be the ultimate supervisor but have more services performed by others, we are not going to have the quantity of medical services we need in this country.

Mr. CARTER. I can see the gentleman's point. I would hope that a physician could have many helpers. But if people were licensed to do the work of physician without the physician's supervision, the quality of the work would certainly be lowered to unacceptable standards.

Mr. SMITH of Iowa. I did not say without his supervision. It is with his supervision at the proper point. State laws require doctors to do things that a highly skilled doctor does not need to do. They are now providing services at Duke University and in the State of Washington under a special program through a special setup, and so we know such a program using more bachelors of medicine, nurse practitioners, and other paramedical personnel can increase delivery of high quality medical services.

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

Mr. SMITH of Iowa. I yield to my colleague from Iowa.

Mr. GROSS. I thought this was a bill to train and to provide family doctors, not technicians.

Mr. SMITH of Iowa. There are some of both in it. Another thing I want to bring up is the provision for an advisory committee. I notice that paramedical personnel are not represented on that committee in any way, shape, or form. These are the people who have been left out of full consideration for too long. The help we can get from them has not been

fully utilized. It seems to me the advisory committee should include paramedical personnel.

The point I really want to make—and I shall vote for the bill, though I do not think it really does very much—is that I think it would be bad if Members look at a bill like this as the solution of our problem, when it does not even make a dent in it.

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

Mr. SMITH of Iowa. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. Mr. Chairman, I want to say, of course, this is not going to solve the problem. The purpose is to try to encourage more physicians to be concerned with giving primary care, giving the first care, and to encourage them to go into this field where they will deal with more people, rather than to go into specialization where they will treat only a certain portion of the population. This is the intent of the legislation, and it will be helpful, but it does not solve the problem by any means.

The allied health professions provision is to try to bring in more help and this is tied in with this bill as well, because we are going to have to use more allied personnel and we will have to have more of them in the future.

The administration has not asked and this Congress has not given the necessary funds for this type of help. This is what we look to the gentleman from Iowa for, to get us more such funds.

Mr. SMITH of Iowa. If we gave them \$10 million more in funds, it would not do the job under existing laws and circumstances.

Mr. ROGERS of Florida. I would question that.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. PRICE of Illinois) having resumed the chair, Mr. BOLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 19599) to amend the Public Health Service Act to provide for the making of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine, pursuant to House Resolution 1268, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. 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 pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROONEY of Pennsylvania. 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 346, nays 2, not voting 86, as follows:

[Roll No. 374]

YEAS—346

Abernethy	Crane	Heckler, Mass.
Adams	Culver	Helstoski
Addabbo	Daddario	Henderson
Albert	Daniel, Va.	Hicks
Anderson, Ill.	Daniels, N.J.	Hogan
Anderson,	Davis, Wis.	Horton
Tenn.	Delaney	Hosmer
Andrews, Ala.	Denney	Howard
Andrews,	Dent	Hull
N. Dak.	Derwinski	Hungate
Annuzio	Devine	Tunt
Ashbrook	Diggs	Hutchinson
Ashley	Dingell	Tchord
Ayres	Donohue	Jacobs
Barrett	Dulski	Jarman
Beall, Md.	Duncan	Johnson, Calif.
Belcher	Dwyer	Jonas
Bell, Calif.	Eckhardt	Jones, Ala.
Bennett	Edwards, Ala.	Jones, N.C.
Betts	Edwards, Calif.	Jones, Tenn.
Bevill	Edwards, La.	Karth
Biaggi	Ellberg	Kastenmeter
Blester	Erlenborn	Kee
Bingham	Esch	Keith
Blackburn	Eshleman	Kleppe
Blanton	Evans, Colo.	Kluczynski
Boggs	Feighan	Koch
Boland	Findley	Kyl
Bow	Fish	Kyros
Brademas	Fisher	Landgrebe
Brasco	Flood	Latta
Bray	Flowers	Leggett
Brinkley	Flynt	Lennon
Brock	Foley	Lloyd
Brooks	Ford, Gerald R.	Long, Md.
Brotzman	Ford,	Lowenstein
Brown, Calif.	William D.	Lukens
Brown, Mich.	Forsythe	McCarthy
Brown, Ohio	Fountain	McClory
Broyhill, N.C.	Fraser	McCulloch
Broyhill, Va.	Frey	McDade
Buchanan	Friedel	McDonald,
Burke, Fla.	Fulton, Pa.	Mich.
Burke, Mass.	Fulton, Tenn.	McFall
Burleson, Tex.	Fuqua	McMillan
Burison, Mo.	Gallifanakis	Macdonald,
Burton, Calif.	Gallagher	Mass.
Burton, Utah	Garmatz	MacGregor
Bush	Gaydos	Mahon
Byrne, Pa.	Gettys	Marsh
Byrnes, Wis.	Gialmo	Martin
Caffery	Gibbons	Mathias
Camp	Gonzalez	Matsunaga
Carey	Goodling	May
Carney	Gray	Mayne
Carter	Griffin	Meeds
Casey	Griffiths	Melcher
Cederberg	Gross	Michel
Celler	Grover	Mikva
Chamberlain	Gubser	Miller, Ohio
Chappell	Gude	Mills
Chisholm	Hagan	Minish
Clancy	Haley	Mink
Clark	Hall	Minshall
Clausen,	Halpern	Mize
Don H.	Hamilton	Mizell
Clawson, Del	Hammer-	Mollohan
Clay	schmidt	Monagan
Cleveland	Hanley	Moorhead
Cohelan	Hansen, Idaho	Morgan
Collier	Harrington	Morse
Colmer	Harsha	Mosher
Conable	Harvey	Moss
Conte	Hastings	Murphy, Ill.
Conyers	Hathaway	Murphy, N.Y.
Corbett	Hawkins	Myers
Corman	Hays	Natcher
Coughlin	Hébert	Nelsen
Cowger	Heckler, W. Va.	Nichols

Nix	Rooney, Pa.	Stuckey
Obey	Rosenthal	Symington
O'Hara	Rostenkowski	Taft
Olsen	Roth	Talcott
O'Neal, Ga.	Roudebush	Taylor
O'Neill, Mass.	Roussetot	Teague, Calif.
Passman	Roybal	Thompson, Ga.
Patman	Ruppe	Thompson, N.J.
Patten	Ruth	Thomson, Wis.
Pelly	Ryan	Tiernan
Pepper	St Germain	Udall
Perkins	Sandman	Ullman
Pettis	Satterfield	Van Deerlin
Philbin	Schadeberg	Vander Jagt
Pike	Scherle	Vanik
Pirnie	Scheuer	Vigorito
Poage	Schmitz	Waggonner
Podell	Schneebeli	Wampler
Poff	Schwengel	Ware
Pollock	Scott	Watts
Preyer, N.C.	Sebelius	Weicker
Price, Ill.	Shipley	Whalen
Price, Tex.	Sisk	White
Pucinski	Skubitz	Whitehurst
Quile	Slack	Widnall
Quillen	Smith, Calif.	Williams
Rallsback	Smith, Iowa	Wilson,
Randall	Smith, N.Y.	Charles H.
Rarick	Snyder	Winn
Reid, Ill.	Stafford	Wolf
Reid, N.Y.	Staggers	Wydler
Rhodes	Stanton	Wylie
Riegle	Steed	Wyman
Roberts	Steele	Yates
Rodino	Steiger, Ariz.	Yatron
Roe	Steiger, Wis.	Young
Rogers, Colo.	Stephens	Zablocki
Rogers, Fla.	Stokes	Zion
Rooney, N.Y.	Stubblefield	Zwach

NAYS—2

Dellenback McCloskey

NOT VOTING—86

Abbitt	Fascell	O'Konski
Adair	Foreman	Ottinger
Alexander	Frelinghuysen	Pickle
Anderson, Calif.	Gilbert	Powell
Arends	Goldwater	Pryor, Ark.
Aspinall	Green, Oreg.	Purcell
Baring	Green, Pa.	Rees
Berry	Hanna	Reifel
Blatnik	Hansen, Wash.	Reuss
Bolling	Hollifield	Rivers
Broomfield	Johnson, Pa.	Robison
Button	Kazen	Saylor
Cabell	King	Shriver
Collins, Ill.	Kuykendall	Sikes
Collins, Tex.	Landrum	Springer
Cramer	Langen	Stratton
Cunningham	Long, La.	Sullivan
Davis, Ga.	Lujan	Teague, Tex.
de la Garza	McClure	Tunney
Dennis	McEwen	Waldie
Dickinson	McKneally	Watson
Dorn	Madden	Whalley
Dowdy	Mailliard	Whitten
Downing	Mann	Wiggins
Edmondson	Meskill	Wilson, Bob
Evins, Tenn.	Miller, Calif.	Wold
Fallon	Montgomery	Wright
Farbstein	Morton	Wyatt
	Nedzi	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Pickle with Mr. Adair.
 Mr. Reuss with Mr. Lujan.
 Mr. Madden with Mr. Reifel.
 Mr. Long of Louisiana with Mr. Cramer.
 Mr. Hollifield with Mr. Arends.
 Mr. Abbit with Mr. Shriver.
 Mr. Blatnik with Mr. Dickinson.
 Mr. Cabell with Mr. Whalley.
 Mr. Wright with Mr. Wyatt.
 Mr. Fascell with Mr. Mailliard.
 Mr. Purcell with Mr. Johnson of Pennsylvania.
 Mr. Hanna with Mr. McEwen.
 Mr. Sikes with Mr. Morton.
 Mr. Rivers with Mr. Kuykendall.
 Mr. Landrum with Mr. Dennis.
 Mr. Aspinall with Mr. Frelinghuysen.
 Mr. Davis of Georgia with Mr. Saylor.
 Mr. Nedzi with Mr. Berry.
 Mr. Stratton with Mr. McClure.
 Mrs. Green of Oregon with Mr. King.
 Mr. Mann with Mr. Robison.
 Mr. Dowdy with Mr. Watson.

Mr. Waldie with Mr. Foreman.
 Mr. de la Garza with Mr. Bob Wilson.
 Mr. Green of Pennsylvania with Mr. O'Konski.
 Mr. Gilbert with Mr. Collins of Texas.
 Mr. Tunney with Mr. Button.
 Mr. Farbstein with Mr. Wiggins.
 Mr. Alexander with Mr. McKneally.
 Mr. Miller of California with Mr. Cunningham.
 Mr. Evins of Tennessee with Mr. Wold.
 Mr. Collins of Illinois with Mr. Meskill.
 Mr. Whitten with Mr. Broomfield.
 Mr. Edmondson with Mr. Goldwater.
 Mr. Fallon with Mr. Springer.
 Mr. Pryor of Arkansas with Mr. Langen.
 Mr. Anderson of California with Mr. Kazen.
 Mr. Montgomery with Mr. Rees.
 Mrs. Hansen of Washington with Mrs. Sullivan.
 Mr. Teague of Texas with Mr. Baring.
 Mr. Dorn with Mr. Downing.
 Mr. Ottinger with Mr. Powell.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3418) to amend the Public Health Service Act to provide for the making of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine, and to alleviate the effects of malnutrition, and to provide for the establishment of a National Information and Resource Center for the Handicapped, and ask for immediate consideration of the Senate bill.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3418

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FAMILY MEDICINE

SEC. 101. Part D of title VII of the Public Health Service Act is amended to read as follows:

"PART D—GRANTS TO PROVIDE PROFESSIONAL AND TECHNICAL TRAINING IN THE FIELD OF FAMILY MEDICINE

"DECLARATION OF PURPOSE

"SEC. 761. It is the purpose of this part to provide for the making of grants to assist—

"(a) public and private nonprofit medical schools—

"(1) to operate, as an integral part of their medical education program, separate and distinct departments devoted to providing teaching and instruction (including continuing education) in all phases of family practice;

"(2) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a medical school or as separate outpatient or similar facility;

"(3) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine; and

"(4) to operate, or participate in, special training programs to teach and train medi-

cal personnel to head departments of family practice or otherwise teach family practice in medical schools.

"(b) public and private nonprofit hospitals which provide training programs for medical students, interns, or residents—

"(1) to operate, as an integral part of their medical training programs, special professional training programs (including continuing education) in the field of family medicine for medical students, interns, residents, or practicing physicians;

"(2) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a hospital or as a separate outpatient or similar facility;

"(3) to provide financial assistance (in the form of scholarships, fellowships, or stipends to interns, residents, or other medical personnel who are in need thereof, who are participants in a program of such hospital which provides special training (accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education in the field of family medicine, and who plan to specialize or work in the practice of family medicine; and

"(4) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 762. (a) For the purpose of making grants to carry out the purposes of this part, there are authorized to be appropriated \$50,000,000 for the fiscal year ending June 30, 1971, \$75,000,000 for the fiscal year ending June 30, 1972, and \$100,000,000 for the fiscal year ending June 30, 1973, and for each of the next two succeeding fiscal years.

"(b) Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for the purpose for which appropriated until the close of the fiscal year which immediately follows such year.

"GRANTS BY SECRETARY

"SEC. 763. (a) From the sums appropriated pursuant to section 762, the Secretary is authorized to make grants, in accordance with the provisions of this part, to carry out the purposes of section 761.

"(b) No grant shall be made under this part unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall have prescribed by regulations which have been promulgated by him and published in the Federal Register not later than six months after the date of enactment of this part.

"(c) Grants under this part shall be in such amounts and subject to such limitations and conditions as the Secretary may determine to be proper to carry out the purposes of this part.

"(d) In the case of any application for a grant any part of which is to be used for major construction or remodeling of any facility, the Secretary shall not approve the part of the grant which is to be so used unless the recipient of such grants enters into appropriate arrangements with the Secretary which will equitably protect the financial interests of the United States in the event such facility ceases to be used for the purpose for which such grant or part thereof was made prior to the expiration of the ten-year period which commences on the date such construction or remodeling is completed.

"(e) Grants made under this part shall be used only for the purpose for which made and may be paid in advance or by way of reimbursement, and in such installments as the Secretary may determine.

"ELIGIBILITY FOR GRANTS

"SEC. 764. (a) In order for any medical school to be eligible for a grant under this part, such school—

"(1) must be a public or other nonprofit school of medicine; and

"(2) must be accredited as a school of medicine by a recognized body or bodies approved for such purpose by the Commissioner of Education, except that the requirement of this clause (2) shall be deemed to be satisfied if, (A) in the case of a school of medicine which by reason of no, or an insufficient, period of operation is not, at the time of application for a grant under this part, eligible for such accreditation, the Commissioner finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary makes a final determination as to approval of the application.

"(b) In order for any hospital to be eligible for a grant under this part, such hospital—

"(1) must be a public or private nonprofit hospital; and

"(2) must conduct or be prepared to conduct in connection with its other activities (whether or not as an affiliate of a school of medicine) one or more programs of medical training for medical students, interns, or residents, which is accredited by a recognized body or bodies, approved for such purpose by the Commissioner of Education.

"APPROVAL OF GRANTS

"Sec. 765. (a) The Secretary, upon the recommendation of the Council, is authorized to make grants under this part upon the determination that—

"(1) the applicant meets the eligibility requirements set forth in section 764;

"(2) the applicant has complied with the requirements of section 763;

"(3) the grant is to be used for one or more of the purposes set forth in section 761;

"(4) it contains such information as the Secretary may require to make the determinations required of him under this section and such assurances as he may find necessary to carry out the purposes of this part;

"(5) it provides for such fiscal control and accounting procedures and reports, and access to the records of the applicant, as the Secretary may require (pursuant to regulations which shall have been promulgated by him and published in the Federal Register) to assure proper disbursement of and accounting for all Federal funds paid to the applicant under this part; and

"(6) the application contains or is supported by adequate assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a5). The Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 65 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"(b) The Secretary shall not approve any grant to—

"(1) a school of medicine to establish or operate a separate department devoted to the teaching of family medicine unless the Secretary is satisfied that—

"(A) such department is (or will be, when established) of equal standing with the other departments within such school which are devoted to the teaching of other medical specialty disciplines;

"(B) such department will, in terms of the subjects offered and the type and quality of

instruction provided, be designed to prepare students thereof to meet the standards established for specialists in the specialty of family practice by a recognized body approved by the Commissioner of Education; or

"(2) a hospital to establish or operate a special program for medical students, interns, or residents in the field of family medicine unless the Secretary is satisfied that such program will, in terms of the type of training provided, be designed to prepare participants therein to meet the standards established for specialists in the field of family medicine by a recognized body approved by the Commissioner of Education.

"(c) The Secretary shall not approve any grant under this part unless the applicant therefor provides assurances satisfactory to the Secretary that funds made available through such grant will be so used as to supplement and, to the extent practical, increase the level of non-Federal funds which would, in the absence of such grant, be made available for the purpose for which such grant is requested.

"PLANNING AND DEVELOPMENTAL GRANTS

"Sec. 766. (a) For the purpose of assisting medical schools and hospitals (referred to in section 761) to plan or develop programs or projects for the purpose of carrying out one or more of the purposes set forth in such section, the Secretary is authorized for any fiscal year (prior to the fiscal year which ends June 30, 1975) to make planning and developmental grants in such amounts and subject to such conditions as the Secretary may determine to be proper to carry out the purposes of this section.

"(b) From the amounts appropriated for any fiscal year (prior to the fiscal year ending June 30, 1975) pursuant to section 762 (a), the Secretary may utilize such amounts as he deems necessary (but not in excess of \$10,000,000 for any fiscal year) to make the planning and developmental grants authorized by subsection (a).

"ADVISORY COUNCIL ON FAMILY MEDICINE

"Sec. 767. (a) The Secretary shall appoint an Advisory Council on Family Medicine (hereinafter in this section referred to as the 'Council'). The Council shall consist of twelve members, four of whom shall be physicians engaged in the practice of family medicine, four of whom shall be physicians engaged in the teaching of family medicine, and four of whom shall be representatives of the general public. Members of the Council shall be individuals who are not otherwise in the regular full-time employ of the United States.

"(b) Each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, three at the end of the third year, and three at the end of the fourth year, after the date of appointment. A member shall not be eligible to serve continuously for more than two terms.

"(c) Members of the Council shall be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for the

persons in Government service employed intermittently.

"(d) The Council shall advise and assist the Secretary in the preparation of regulations for, and as to policy matters arising with respect to, the administration of this title. The Council shall consider all applications for grants under this part and shall make recommendations to the Secretary with respect to approval of applications for and of the amounts of grants under this part.

"DEFINITIONS

"Sec. 768. For purposes of this part—

"(1) the term 'nonprofit' as applied to any hospital or school of medicine, means a school of medicine or hospital which is owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;

"(2) the term 'family medicine' means those certain principles and techniques and that certain body of medical, scientific, administrative, and other knowledge and training, which especially equip and prepare a physician to engage in the practice of family medicine;

"(3) the term 'practice of family medicine' and the term 'practice', when used in connection with the term 'family medicine', mean the practice of medicine by a physician (licensed to practice medicine and surgery by the State in which he practices his profession) who specializes in providing to families (and members thereof) comprehensive, continuing, professional care and treatment of the type necessary or appropriate for their general health maintenance; and

"(4) the term 'construction' includes construction of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings, including architects' fees, but excluding the cost of acquisition of land or offsite improvements."

TITLE II—MALNUTRITION

SEC. 201. Part A of title III of the Public Health Service Act is amended by adding at the end thereof the following new section:

"Sec. 310c. (a) In order to reduce the incidence of malnutrition in the United States, to advance medical knowledge in the causes and effects of malnutrition, and to encourage and facilitate the provision of early detection and effective treatment of malnutrition and the conditions which result therefrom, the Secretary is authorized, out of the funds available for carrying out the purposes of this section, to:

"(1) make grants-in-aid to and enter into contracts with medical schools, appropriate graduate schools, and nursing schools to assist such schools in establishing courses dealing with malnutrition, its causes and effects, means for its early detection, and effective treatment of malnutrition and conditions resulting therefrom;

"(2) make grants-in-aid and enter into contracts with universities, medical schools, hospitals, laboratories and other public or private institutions, and individuals and groups of individuals for research into malnutrition, its causes and effects, means for its detection, and into the effective treatment of malnutrition and conditions resulting therefrom;

"(3) establish special projects designed to provide to students of courses in malnutrition practical training and experience in the field of malnutrition; and

"(4) provide fellowships and otherwise financially assist students to encourage and enable them to pursue studies and engage in activities in poverty areas relating to malnutrition.

"(b) In selecting schools and institutions to carry out the purposes referred to in paragraphs (1) and (2) of subsection (a), priority shall be accorded to those schools

and institutions which are located in poverty areas.

"(c) For the purpose of carrying out the provisions of this section, there are hereby authorized to be appropriated \$32,000,000 for the fiscal year commencing with the fiscal year ending June 30, 1971, and for each of the next four fiscal years thereafter."

TITLE III—NATIONAL INFORMATION AND RESOURCE CENTER FOR THE HANDICAPPED

SEC. 301. (a) (1) There is hereby established within the Department of Health, Education, and Welfare, a National Information and Resource Center for the Handicapped (hereinafter referred to as the "Center").

(2) The Center shall have a Director and such other personnel as may be necessary to enable the Center to carry out its duties and functions under this section.

(b) (1) It shall be the duty and function of the Center to collect, review, organize, publish, and disseminate (through publications, conferences, workshops, or technical consultation) information and data related to the particular problems caused by handicapping conditions, including information describing measures which are or may be employed for meeting or overcoming such problems, with a view to assisting individuals who are handicapped, and organizations and persons interested in the welfare of the handicapped, in meeting problems which are peculiar to, or are made more difficult for, individuals who are handicapped.

(2) The information and data with respect to which the Center shall carry out its duties and functions under paragraph (1) shall include (but not be limited to) information and data with respect to the following—

(A) medical and rehabilitation facilities and services;

(B) day care and other programs for young children;

(C) education;

(D) vocational training;

(E) employment;

(F) transportation;

(G) architecture and housing (including household appliances and equipment);

(H) recreation; and

(I) public or private programs established for, or which may be used in, solving problems of the handicapped.

(c) (1) The Secretary shall make available to the Center all information and data, within the Department of Health, Education, and Welfare, which may be useful in carrying out the duties and functions of the Center.

(2) Each other department or agency of the Federal Government is authorized to make available to the Secretary, for use by the Center, any information or data which the Secretary may request for such use.

(3) The Secretary of Health, Education, and Welfare shall to the maximum extent feasible enter into arrangements whereby State and other public and private agencies and institutions having information or data which is useful to the Center in carrying out its duties and functions will make such information and data available for use by the Center.

(d) There is authorized to be appropriated for carrying out the purposes of this section for the fiscal year ending June 30, 1971, the sum of \$300,000, and for each fiscal year thereafter such sums as may be necessary.

MOTION OFFERED BY MR. STAGGERS

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

The Clerk read as follows:

Mr. STAGGERS moves to strike out all after the enacting clause of S. 3418 and insert in lieu thereof the provisions contained in H.R. 19599, as passed, as follows:

That part D of title VII of the Public Health Service Act is amended to read as follows:

"PART D—GRANTS TO PROVIDE PROFESSIONAL AND TECHNICAL TRAINING IN THE FIELD OF FAMILY MEDICINE

"DECLARATION OF PURPOSE

"SEC. 761. It is the purpose of this part to provide for the making of grants to assist—

"(a) public and private nonprofit medical schools—

"(1) to operate, as an integral part of their medical education program, separate and distinct departments devoted to providing teaching and instruction in all phases of family practice;

"(2) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a medical school or as separate outpatient or similar facility;

"(3) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine; and

"(4) to operate, or participate in, special training programs to teach and train medical personnel to head departments of family practice or otherwise teach family practice in medical schools.

"(b) public and private nonprofit hospitals which provide training programs for medical students, interns, or residents—

"(1) to operate, as an integral part of their medical training programs, special professional training programs in the field of family medicine for medical students, interns, or residents;

"(2) to construct such facilities as may be appropriate to carry out a program of training in the field of family medicine whether as a part of a hospital or as a separate outpatient or similar facility;

"(3) to provide financial assistance (in the form of scholarships, fellowships, or stipends) to interns, residents, or other medical personnel who are in need thereof, who are participants in a program of such hospital which provides special training (accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education) in the field of family medicine, and who plan to specialize or work in the practice of family medicine; and

"(4) to operate, or participate in, special training programs for paramedical personnel in the field of family medicine.

"AUTHORIZATION OF APPROPRIATIONS

SEC. 762. (a) For the purpose of making grants to carry out the purposes of this part, there are authorized to be appropriated \$50,000,000 for the fiscal year ending June 30, 1971, \$75,000,000 for the fiscal year ending June 30, 1972, and \$100,000,000 for the fiscal year ending June 3, 1973.

"(b) Sums appropriated pursuant to subsection (a) for any fiscal year shall remain available for the purpose for which appropriated until the close of the fiscal year which immediately follows such year.

"GRANTS BY SECRETARY

"SEC. 763. (a) From the sums appropriated pursuant to section 762, the Secretary is authorized to make grants, in accordance with the provisions of this part, to carry out the purposes of section 761.

"(b) No grant shall be made under this part unless an application therefor has been submitted to, approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall have prescribed by regulations which have been promulgated by him and published in the Federal Register not later than six months after the date of enactment of this part.

"(c) Grants under this part shall be in such amounts and subject to such limitations and conditions as the Secretary may

determine to be proper to carry out the purposes of this part.

"(d) In the case of any application for a grant any part of which is to be used for major construction or remodeling of any facility, the Secretary shall not approve the part of the grant which is to be so used unless the recipient of such grant enters into appropriate arrangements with the Secretary which will equitably protect the financial interests of the United States in the event such facility ceases to be used for the purpose for which such grant or part thereof was made prior to the expiration of the twenty-year period which commences on the date such construction or remodeling is completed.

"(e) Grants made under this part shall be used only for the purpose for which made and may be paid in advance or by way of reimbursement, and in such installments as the Secretary may determine.

"ELIGIBILITY FOR GRANTS

"SEC. 764. (a) In order for any medical school to be eligible for a grant under this part, such school—

"(1) must be a public or other nonprofit school of medicine; and

"(2) must be accredited as a school of medicine by a recognized body or bodies approved for such purpose by the Commissioner of Education, except that the requirements of this clause (2) shall be deemed to be satisfied, if (A) in the case of a school of medicine which by reason of no, or an insufficient, period of operation is not, at the time of application for a grant under this part, eligible for such accreditation, the Commissioner finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary makes a final determination as to approval of the application.

"(b) In order for any hospital to be eligible for a grant under this part, such hospital—

"(1) must be a public or private nonprofit hospital; and

"(2) must conduct or be prepared to conduct in connection with its other activities (whether or not as an affiliate of a school of medicine) one or more programs of medical training for medical students, interns, or residents, which is accredited by a recognized body or bodies, approved for such purpose by the Commissioner of Education.

"APPROVAL OF GRANTS

"SEC. 765. (a) A grant under this part may be made only if the application thereof is recommended for approval by the Advisory Council on Family Medicine and is approved by the Secretary upon his determination that—

"(1) the applicant meets the eligibility requirements set forth in section 764;

"(2) the applicant has complied with the requirements of section 763;

"(3) the grant is to be used for one or more of the purposes set forth in section 761;

"(4) it contains such information as the Secretary may require to make the determinations required of him under this section and such assurances as he may find necessary to carry out the purposes of this part;

"(5) it provides for such fiscal control and accounting procedures and reports, and access to the records of the applicant, as the Secretary may require (pursuant to regulations which shall have been promulgated by him and published in the Federal Register) to assure proper disbursement of and ac-

counting for all Federal funds paid to the applicant under this part; and

"(6) the application contains or is supported by adequate assurance that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a5). The Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 65 Stat. 1267), and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"(b) The Secretary shall not approve any grant to—

"(1) a school of medicine to establish or operate a separate department devoted to the teaching of family medicine unless the Secretary is satisfied that—

"(A) such department is (or will be, when established) of equal standing with the other departments within such school which are devoted to the teaching of other medical specialty disciplines;

"(B) such department will, in terms of the subjects offered and the type and quality of instruction provided, be designed to prepare students thereof to meet the standards established for specialists in the specialty of family practice by a recognized body approved by the Commissioner of Education; or

"(2) a hospital to establish or operate a special program for medical students, interns, or residents in the field of family medicine unless the Secretary is satisfied that such program will, in terms of the type of training provided, be designed to prepare participants therein to meet the standards established for specialists in the field of family medicine by a recognized body approved by the Commissioner of Education.

"(c) The Secretary shall not approve any grant under this part unless the applicant therefor provides assurances satisfactory to the Secretary that funds made available through such grant will be so used as to supplement and, to the extent practical, increase the level of non-Federal funds which would, in the absence of such grant, be made available for the purpose for which such grant is requested.

"PLANNING GRANTS

"Sec. 766. (a) For the purpose of assisting medical schools and hospitals (referred to in section 761) to plan projects for the purpose of carrying out one or more of the purposes set forth in such section, the Secretary is authorized for any fiscal year (prior to the fiscal year which ends June 30, 1973) to make planning grants in such amounts and subject to such conditions as the Secretary may determine to be proper to carry out the purposes of this section.

"(b) From the amounts appropriated in any fiscal year (prior to the fiscal year ending June 30, 1973) pursuant to section 762 (a), the Secretary may utilize such amounts as he deems necessary (but not in excess of \$5,000,000 for any fiscal year) to make the planning grants authorized by subsection (a).

"ADVISORY COUNCIL ON FAMILY MEDICINE

"Sec. 767. (a) The Secretary shall appoint an Advisory Council on Family Medicine (hereinafter in this section referred to as the 'Council'). The Council shall consist of twelve members, four of whom shall be physicians engaged in the practice of family medicine, four of whom shall be physicians engaged in the teaching of family medicine, three of whom shall be representatives of the general public, and one of whom shall, at the time of his appointment, be an intern in

family medicine. Members of the Council shall be individuals who are not otherwise in the regular full-time employ of the United States.

"(b) (1) Except as provided in paragraph (2), each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and except that the terms of office of the members first taking office shall expire, as designated by the Secretary at the time of appointment, three at the end of the first year, three at the end of the second year, three at the end of the third year, and three at the end of the fourth year, after the date of appointment.

"(2) The member of the Council appointed as an intern in family medicine shall serve for one year.

"(3) A member of the Council shall not be eligible to serve continuously for more than two terms.

"(c) Members of the Council shall be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service. Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service, employed intermittently.

"(d) The Council shall advise and assist the Secretary in the preparation of regulations for, and as to policy matters arising with respect to, the administration of this title. The Council shall consider all applications for grants under this part and shall make recommendations to the Secretary with respect to approval of applications for grants under this part.

"DEFINITIONS

"Sec. 768. For purposes of this part—

"(1) the term 'nonprofit' as applied to any hospital or school of medicine means a school of medicine or hospital which is owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual;

"(2) the term 'family medicine' means those certain principles and techniques and that certain body of medical, scientific, administrative, and other knowledge and training, which especially equip and prepare a physician to engage in the practice of family medicine;

"(3) the term 'practice of family medicine' and the term 'practice', when used in connection with the term 'family medicine', mean the practice of medicine by a physician (licensed to practice medicine and surgery by the State in which he practices his profession) who specializes in providing to families (and members thereof) comprehensive, continuing, professional care and treatment of the type necessary or appropriate for their general health maintenance; and

"(4) the term 'construction' includes construction of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings, including architects' fees, but excluding the cost of acquisition of land or offsite improvements."

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

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "To amend the Public Health Service Act to provide for the making of grants to medical schools and hospitals to assist them in establishing special departments and programs in the field of family practice, and otherwise to encourage and promote the training of medical and paramedical personnel in the field of family medicine."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 19599) was laid on the table.

GENERAL LEAVE TO EXTEND

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

The SPEAKER pro tempore (Mr. VANIK). Is there objection to the request of the gentleman from West Virginia? There was no objection.

ELI LILLY INSTALLS NEW SYSTEM FOR INDUSTRIAL WASTE CONTROL

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

Mr. MYERS. Mr. Speaker, many industries throughout the United States are working towards eliminating pollution to the air and the water. They are making effort to keep our ecology healthy. Eli Lilly & Co., a Hoosier company, has recently constructed a new fermentation and biochemical plant near Clinton, Ind., in the congressional district that I have the honor of representing. Eli Lilly has gone to great financial outlay and time to do the best that is now technically available to control the pollution from this facility. Environmental Science and Technology in its November 1970 edition, printed this article about this operation in Indiana. I am happy to share this with my colleagues:

WASTE CONTROL HIGHLIGHTS PLANT DESIGN

Under construction among the endless corn fields of western Indiana is an industrial plant that is putting into practice the much talked-about principles of recycling, reuse, and conservation of natural resources. Although not yet fully on stream, this plant promises to be a shining example of enlightened industrial waste control, and it is likely to be closely watched in future months by those who want to see if what looks good on paper works out as well in practice.

The plant is a new \$50 million fermentation and biochemical facility owned by Eli Lilly & Co. (Indianapolis, Ind.) and situated near Clinton, Ind., on the west bank of the Wabash River. Company officials estimated that at least \$8 million of the plant's capital cost can be directly or indirectly attributed to the environmental control measures incorporated into its design. When in full operation later this year, the plant will reuse over 90% of its total water requirements. Even so, the plant will discharge 4000 g.p.m. of water to the Wabash, but that ef-

fluent will be of a quality well within the limits set by Indiana authorities, says Lilly. Indeed, the water would be of good enough quality to supply a drinking water treatment plant.

PLANT DESIGN

Ell Lilly & Co. is a large manufacturer of chemical and biochemical products for medicinal and agricultural use. When the time came for the company to enlarge its fermenting and biochemical manufacturing capacity (already on-going in several U.S. and foreign locations), it chose Clinton as a site because of its proximity to corporate headquarters (Indianapolis) and to its large manufacturing facilities at Tippecanoe Laboratories (Lafayette, Ind.). While the plant location decision was a logical one, and the sort of decision regularly made by large manufacturing concerns, another decision Lilly made was highly unusual: The Clinton plant would be designed, from the very beginning, to provide maximum environmental control. Not content with such broad, even if unprecedented, generalities, corporate management in early 1969 made some specific stipulations regarding waste control at Clinton:

No wastes of any description would leave the site.

No organic wastes would be buried either on or off the site (on-site burial of inert inorganic wastes after incineration was permitted, and will be practiced).

Solvents and process chemicals would be recovered, even if the recovery proved uneconomical.

Recycling of water and use of cooling towers would be maximized.

Effluents discharged to the Wabash would not increase river temperature "by any measurable amount" and would otherwise conform to, or be better than, the most stringent requirements of Indiana regulations.

Deep-well disposal of any wastes would not be used.

If possible, conventional biological treatment would be avoided.

Of all these stipulations, none flies in the face of traditional plant design more than the last one. As many ES&T readers are aware, biological treatment is usually first choice for industrial waste waters as well as for domestic sewage, and the idea of any alternative is regarded as almost revolutionary by diehard sanitation engineers.

Faced with such a formidable set of guidelines, the Lilly engineering staff prospered where lesser men might have given up the ghost. "It was a real challenge," recalls Robert H. Ellis II, manager of plant engineering at Clinton, "but it has been 1 1/4 years of adventure." Although Ellis is confident that the plant will work well, there inevitably are skeptics. In view of the innovative nature of the plant Ellis and his colleagues have come up with, the skepticism is understandable but hopefully ill-founded.

There are several innovative keys that characterize the plant's environmental control system, according to Ellis:

Design of processes to eliminate wastes. For example, complete recycling of the water contained in a high-bod stream associated with fermentation broth from which the "activity" (the desired product, for instance an antibiotic) has been removed.

Concentration of wastes where possible.

Segregation of wastes at the source. Different waste streams are not mixed; each is treated in the most appropriate way.

Reduction of hydraulic loads on the waste plants through rigorous water conservation—no flow drains are present in several areas in the plant, dilute waste waters are reused, and faucets are self-closing.

A robot monitor records the quality of all water discharged to the river.

The plant's 75 acres are divided into five distinct areas: central services area, with

offices, utilities, laboratories, and cafeteria; fermentation area; purification area; chemicals manufacturing area; and waste treatment area. Each uses water in some way.

WASTE STREAMS

Water supply to the plant comes from three wells located on the plant site. Water withdrawn from a closed-top reservoir supplied from the wells is used for several purposes: for drinking and other domestic purposes; as boiler feedwater makeup; as process cooling water; as makeup to the purification and fermentation area process cooling water systems to supplement recycled water; for use (when deionized) for process purposes in the purification and chemical manufacturing areas, and for sprinklers. "Wastes" which need treatment before discharge or which can be recycled for use are:

Spent fermentation broth. The desired product (antibiotic) is separated from the broth in a special purification process about which Lilly is not saying much, except that it is the subject of a pending patent. What the company does say is that the process can remove from the broth, in addition to the antibiotic, 35 tons per day of mycelia (solid material), a product that contains less than 1% water and that can be sold as a high-protein animal feed supplement. Other equally important units in the purification area (also covered by a veil of secrecy) are capable of extracting impurities from the water so that it can be recycled for cooling. What is, in other fermentation plants, a difficult-to-dispose-of, high-bod stream, is in Clinton handled without need for a biological treatment plant.

Plant trash and rubbish. Although Clinton is in a sparsely populated rural region, and ample land is available for landfilling, trash at the plant site will be incinerated in a Bartlett-Snow (Cleveland, Ohio) incinerator. Ashes from the incinerator (about 600 lb./day) will be buried on the site in accordance with good sanitary landfill practice.

Concentrated chemical wastes. These are produced in the chemicals and purification areas. Plant engineering manager Ellis classifies them as primary or secondary—primary wastes are autogenous (that is, they are capable of supporting combustion), whereas secondary wastes are not. Both types of wastes will be burned together in a thermal oxidizer (incinerator) designed by John Zink Co. (Tulsa, Okla.). There will be two such oxidizers; both are equipped with adjustable venturi scrubbers to trap particulate matter before stack discharge. Also to be burned in a thermal oxidizer are:

Dilute chemical wastes. These are predominantly the bottom product of solvent stripping columns in the chemicals area and certain unrecoverable streams, such as acetic acid and hydrogen peroxide waste.

Watery process waste. "Watery" wastes are those that contain no components more volatile than water. At the Clinton plant they arise primarily from the fermentation area—e.g., equipment washings, inoculation media used to test sterility, foam-overs. Although these wastes could, in theory, be treated by straightforward evaporation, in practice this is made difficult by the 4% solids (dissolved and suspended organics and inorganics) the wastes contain. Scaling of heat transfer surfaces presented some difficulties which have subsequently been resolved by a multiple-effect evaporator designed and constructed under the direction of Carver-Greenfield Corp. (East Hanover, N.J.).

Sanitary waste. When the Clinton plant is in full operation, over 350 people will be working there, and there will be a cafeteria in addition to the usual amenities. Lilly felt that sanitary wastes so generated would best be treated by a package unit supplied by Smith & Loveless (Lenexa, Kan.). The unit is of the activated-sludge type.

Process cooling waters. Three cooling water systems are used at Clinton. The water warmed after heat transfer in cooling equipment in the chemicals area is discharged directly to the "clear water" effluent stream. This water represents about half of that discharged by the plant (6 million gallons per day) and is heated perhaps 25°F. above its initial temperature (60°F. year-round well water). The fermenter cooling system uses water that is recycled through cooling towers. The multiple-effect evaporator system also uses cooling towers. Periodically, the towers are blown down to purge any accumulated impurities.

Other aqueous streams. Air is continuously supplied to the fermenting tanks to supply the aerobic reactions, and the exit air is water scrubbed to remove odors. This scrubbed water is recycled and eventually purged to the watery waste system. The water used to recharge ion-exchange resins, after pH adjustment, and the water used to scrub incinerator exhaust gases are discharged to the clear water system.

MONITORING

Effluents from all treatment units will be monitored continuously at a central building. In addition, a robot monitor will check the quality of the combined effluent stream (clear water discharge stream) before it runs into the Wabash. Quality data (for pH, dissolved chloride, temperature, and so on) will be supplied to the Indiana Stream Pollution Control Board. Lilly estimates that no more than 2500 lb. BOD per day will enter the river, and that the 6 million g.p.d. discharged will represent no more than 0.1% of the mean river flow at the point of discharge.

AIR QUALITY

No air pollution problems are anticipated at the Clinton plant. The steam-generating boilers are fired with natural gas, with fuel oil as backup in case of a shortage in gas supply. Stack plumes were invisible the day ES&T visited the plant. Motors driving water-chilling units are also natural-gas fired. Scrubbing of fermenter exit air and the use of negative pressure in tankage and equipment holds down the odor problems usually associated with biochemical manufacture. ES&T perceived odors, but they were not unpleasant (the plant was running at one-third capacity at the time). The thermal oxidizer units are fitted with scrubbers as is the trash incinerator.

PROSPECTS

In short, this new Ell Lilly plant seems likely to be the harbinger of many such plants, both within the biochemical industry and elsewhere. Although total recycle will not be achieved, that ideal will be much more closely approached than in most existing plants.

What is most encouraging about the Lilly design is that economic factors were not the sole criteria for its acceptability. For instance, the trash incinerator (a \$200,000 item) could have been dispensed with and the trash taken away by a local contractor, surely a less expensive proposition. The Carver-Greenfield unit alone cost over \$1 million, but Ellis reports that Lilly management did not quibble over price. When told that the unit was needed to treat watery process wastes, Ellis recalls that management simply said, "Do it!" It is clear that rarely have waste control engineers had so much backing from those who hold the purse strings.

The crunch will come, of course, when the plant is in full operation. If there are start-up troubles—and Ellis feels that some are inevitable—there will undoubtedly be nervous moments and some wishing that pilot development time could have been longer before scale-up was required. But if this plant eventually pans out as expected, there is every reason to expect the rest of industry to follow suit.

THE GOLDEN DOOR IS TARNISHED

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

Mr. PODELL. Mr. Speaker, 87 years ago, Emma Lazarus wrote a poem that was to represent freedom and opportunity for millions. Soon carved on the base of the Statue of Liberty it began, "Give me your tired, your poor." It ended with, "I lift my lamp beside the golden door."

These words were written when America was viewed as a haven for the socially, economically and politically oppressed of other countries. Millions of individuals took advantage of what this country had to offer and left their homes to seek a new life. Yet, in the light of recent events, we must ask whether these words and the philosophy behind them have any meaning today.

I am speaking specifically of the Coast Guard cutter *Vigilant's* refusal to grant political asylum to a Lithuanian sailor who made a valorous attempt to gain his freedom. He boarded the *Vigilant*, but was then dragged off under the watchful and silent eye of the American captain and crew to be butchered and quartered, Soviet style. In other words, it appears that American sanction was given to this dishonorable political act.

The incident raises many questions, some of which we are as yet unable to answer. We do not know as yet who was responsible for the actual discharge of the orders that denied the sailor asylum. The incident does, however, show an apparent need for a stronger definition of America's position in such events.

There is, of course, a basic humanitarian character in offering a grant of asylum to an individual who seeks it. But there is also a legal aspect to it. The United States signed and ratified the Geneva protocol agreement in 1967. That agreement provides the legal basis for American action regarding such refugees. It has provisions safeguarding the well-being of those who have had to flee their homes because of persecution for their race, religion, nationality, membership of a particular social group or political opinion.

Article 33 of that agreement takes liberty and life as the criteria for granting asylum and prohibits the expulsion of the return of refugees to territories where their lives or their freedom would be threatened.

The events that have thus far been revealed in this case seem to indicate that America may have directly violated these protocol agreements. If the treatment given the Lithuanian sailor by the other Russian crewmembers is any indication of the punishment that is yet in store for him, then it appears that American action was a violation of both basic humanitarian principles as well as the signed international agreement. The eventual fate and well-being of the Lithuanian sailor is now, of course, in serious doubt.

We can now expect that the actions aboard the *Vigilant* will be investigated thoroughly. Yet the determination of responsibility for this particular incident

should not overshadow the larger issue with which this country must deal. As signers of the Geneva protocol and as a country that has traditionally welcomed and protected individuals seeking asylum, we must make sure that the issues and principles involved are understood by those who will be in a position to enforce them.

For the future, the decision of who is granted asylum cannot be left to chance; rather, there must be careful contingency planning. Otherwise another such incident may occur again.

The range of responses and the complexity of the issues involved can make such planning difficult. Yet if the image of the United States as a "golden door" is to have some basis in reality, we must insure that requests for political asylum in this country be accorded a fair hearing; we must insure that the individual be able to make his case and his reasons known and that this country not close its door to such requests. The dignity of the individual and the principles that this country should represent require no less.

TESTIMONY BY HON. BOB CASEY, ON UTILIZATION OF CAPABILITIES OF NASA AND AEROSPACE INDUSTRY IN THE ENVIRONMENTAL FIELD

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

Mr. ROBERTS. Mr. Speaker, some of us have expressed a great deal of concern for our Government's oversight in failing to fully utilize the great capabilities of NASA and the aerospace industry in the environmental field.

My friend and colleague, Representative BOB CASEY, of Texas, testified to this great undeveloped potential when he appeared before the Government Operations Subcommittee on Conservation and Natural Resources. His is an excellent statement, which I believe should be brought to the attention of our colleagues in both Houses, and to American people.

My colleague, whose district includes NASA's Manned Spacecraft Center near Houston, is fully familiar with the aerospace industry and its contributions to our space effort. I not only commend him for his statement, but also my distinguished friend, Representative HENRY REUSS, chairman of the subcommittee, for holding these important hearings on the role of the aerospace and defense firms in solving problems of environmental control.

The statement follows:

STATEMENT OF REPRESENTATIVE BOB CASEY BEFORE THE SUBCOMMITTEE ON CONSERVATION AND NATURAL RESOURCES COMMITTEE ON GOVERNMENT OPERATIONS

Mr. Chairman and Members of the Subcommittee: I am grateful for the opportunity of appearing before you as a witness in these very important—and very timely—hearings. I can think of no greater problem, no more irritating national itch, than the one you are looking into here: the roll our great new technologies can play in relieving some of the pollution crises that dominate so much of our thinking today.

I have come to speak, not as an expert in ecology or on the interaction of man with his environment, but as a concerned citizen with some experience in aerospace industry's capabilities. I have watched with awe, as I am sure you all have, the technological triumphs of the space age: the conception and creation and operation of the great space ships that explore the whole environment of man, the depths of the solar system within which our world floats, alone, blue, beautiful, teeming with life—and beset by many difficulties of our own making.

I shared with you and with a quarter of a billion others that great victory over the unknown—the first steps of man upon the moon. That triumph was not one of technology alone; it was one of national will as well. We have proven, to ourselves and to the world, that we can select and surmount incredible challenges, that we have the brain power and the courage to do the very difficult—and to do it very well. We know how to harness the best talents in government, in our schools and universities, in industry and business to get a job done. We understand teamwork, teamwork on the scale of Apollo which organized and managed nearly 400,000 people at its peak and which met its specifications in time, money, and performance. It was a massive pulling together of human energies, both physical and intellectual. The world has not seen its like before.

The question you are addressing here, it seems to me, is: "Will the world see its like again—but this time aimed at cleaning up our garbage dumps, sweetening our waters, purifying our air, and making green again our hillsides, forests, fields, and shores?"

I believe we will, but only if we go about it right.

As I see it, we have got to make some fundamental distinctions. We must understand the difference, for example, between a cosmetic and a real solution. A fence of pine trees in front of a junk yard does wonders for the sensibilities of the citizens that drive, walk, or ride before it; but does hiding the mess cure it? Or, worse yet, does hiding the mess contribute to its continued existence? There is something about the stark, visible honesty of filth and garbage that leads to personal action—local social, political, action—to have it changed. A cosmetic cover, while most agreeable, does little to unleash those forces of human will, indignation, and pride which we all know to be so effective—if marshalled, when and if aroused.

Real solutions are even more difficult. Take the simple problem of energy. We are today, I am told, facing a real crisis in energy sources. Over the next few years, we will have to triple our electrical power generation capability in order to keep up with demand. That demand, by the way, is not expected to be the result of simple population expansion. No; it is going to be the result of our society's ever-increasing demand for machine power to replace human muscle, human time, human wear and tear. This is the mark of a technological society, after all; machines free men and women from drudgery, from dulling labor, and provide that glimpse of freedom called leisure. But energy for public consumption today comes basically in two forms: the conventional, fossil-fuel generator and the still exotic nuclear power plant.

How should we, whether voter or legislator, pick between the two? Certainly, there are rivers still undammed that could alleviate the problem—but at what expense to the picture we all have of free-flowing streams of clear water over clean rocks. And even if every creek and gully had a hydroelectric plant built in, we would still be far short of what we will need in the year 2000.

So we are going to have to make tradeoffs between the various bad things we will have to do to our environment just to be ourselves, a modern, science-based technological society. A nuclear power plant may be smog- and

soot-free, but it sure can heat up the stream or lake it sits beside. What then happens to the plants and animals that, up to now, have lived there in equilibrium? I'm not sure we know—or have readily at hand the means for knowing.

Take the other extreme: build coal-burning power plants throughout the land wherever the shortages demand; let the railroad drive its steel and gravel strips across the countryside to bring in fuel; let the mines work to produce the coal and despoil the countryside, whether in Pennsylvania or West Virginia or in Wales or Germany. Let the smoke of the power plant befoul the air—with what unknown, unmeasured consequences for the present, let alone the future, generations in this land.

Energy is a basic problem in the America of today and tomorrow, but only one. What about beer cans on the roadside—or bottles that have to be disposed of too? What is the economically viable equivalent to DDT—now being banned throughout the U.S.—that has no subtle dangers of its own? What are the realistic alternates to detergents, whose phosphate residues today kill our bass ponds and make our rivers foam where they should run sparkling clear? What really can be done about oil spills, inshore or off, without strangling the very commerce that provides us all a standard of living second to none and a quality of life envied by all?

I have touched, in broadcast fashion, on some of the many pollution elements that beset our fair land, air, and waters. There are others, however, to which we have become so accustomed that we care little about the search for action-oriented solutions. In agriculture alone, we lose some \$4 billion each year because of common weeds infesting our fields—a form of pollution all too common, all too normal, to become part of today's great debate. And tree diseases and bugs; they cost us some 9 billion board feet of timber per year. And forest fires average nearly half a billion dollars in timber destruction each season, not counting the cost to the land itself of increased erosion to communities that lose homes, water sheds, windbreaks, and the beauty of growing trees.

I guess what I'm trying to do here is to underline the difference between a fad and a real problem. Recently, the words "ecology", "environment", "pollution" have become popular—but largely as alternatives to such good, sound words as, "work", "progress", or "accomplishment". Ecology has been around as long as the planet itself has—and we are part of it, not something outside trying to look in. Man is one of many species on earth, one of the powerful forces for change, like the weather or the movement of continents. I don't think we are seriously trying to return our continent to the state it enjoyed in 1600, where tall forests literally held sway over every yard between the oceans and the great plains. I don't think we want to give up the kind of life that has to have its Pittsburghs, its Los Angeles, its Chicagos, its Houstons in order to create the wealth and opportunity we now enjoy. I don't believe we want to stifle enterprise, public or private, simply to legislate an incomplete, short-term, non-economic cosmetic solution to the symptom of a problem.

So what are we trying to do? We are trying to find workable long-range answers to real, long-range problems. We are seeking only a part of the answers in technology, for the fundamental answers here lie in the field of social and political and legal process. Pollution, as a problem, is in itself only a symptom of a society grown a little too big for its britches. What we've got to deal with are the basics of civilization as we have come to know it: power, food, shelter, water, land use, transportation and communications, productivity, and conservation, management, or replenishment of natural resources.

Technology, and the science upon which

it is based, have a great role to play here—but they are not the whole answer. Let me illustrate with a recent example. In August of 1969, the Gulf Coast was hit by a pretty bad storm, Hurricane Camille. We had winds hitting 200 miles per hour and tides flooding 20 feet above normal. We lost a major part of several towns along the Mississippi coast—but the death toll was surprisingly low in comparison to the severity of the storm. Don't forget, this is the storm that put ocean-going ships into the middle of downtown. The Weather Bureau says that 50,000 people would have died except for the early warning, the storm tracking, and the ability to get evacuation started before the hurricane hit. All of that comes down to technology—much of it space technology—harnessed in the service of mankind. It was the ESSA and NASA satellites that first saw and pinpointed the storm, and it was the computers and communications facilities that worked up the predictions early enough to give the authorities time to act, moving people out and making provision for their survival.

This is a real contrast to last week's disaster in the Bay of Bengal, where the storm was predicted all right but the system of information and action was inadequate to make use of the information in time.

Science and technology are not enough to avert disasters or solve environmental problems—there must be human action in an organized way directed to a given, understood end. That kind of action is usually based on information, or understanding of the direct and indirect results of what is to be done.

Now it seems to me that this is the area most overlooked in the current press to do something about pollution. We are horrified by the symptoms of the disease, as it were, and try to treat them piecemeal without stepping back and looking at the whole, at the interactions of all the pieces. Long-lasting, beneficial solutions are going to have to be pretty fundamental if they are not simply going to result in greater problems for the next generation to cope with. This, of course, is one of the characteristics of technology if not very thoughtfully applied: in solving one problem it creates another. The automobile gives us nearly total freedom of personal movement—but the cost is high, in atmospheric pollution, in concrete spreading over the landscape, in traffic deaths, in congestion. The answer is obviously *not* the immediate banning of the automobile; think of the social and economic consequences of such an action! There are many much more subtle interactions, however, whose full span we do not or cannot see and understand. As Dr. Phil Handler, President of the National Academy of Sciences, pointed out at Houston last month, the substitutes for DDT are turning out to be more dangerous to man directly than the chemical they replace—and we don't even know as much about the eventual impact on the ecology.

We must begin, I believe, by looking upon our environment as a whole, a whole that includes man and his works as a part thereof. We must learn to measure all the significant parameters of that environment, not just for the sake of science, but for the sake of understanding how the pieces fit together and how the change in our element affects all the others. We have to develop mathematical models that put together related phenomena and predict what is going to happen. Weather forecasting is just an example of this kind of modelling; if we measure what is going on throughout the atmosphere around the globe, if we combine properly the power of the computer with our global weather satellite capabilities, we will be able to predict accurately what will happen to the climate many days in advance.

Once a model of this kind exists, it can be used to measure not just what is going to

happen if everything is left alone but what may happen if certain of the factors are altered or manipulated. This kind of simulation will let us see the effect of different strategies, will show us what the various tradeoffs are among a related family of decisions. As you know, this technique of trade-off analysis is well-developed in the aerospace business in its application to hardware; it has been called the "systems approach" and is fundamental to the success of our major technological enterprises in civil and military programs. What we need to do is to expand that technique to encompass ourselves and our physical environment. Only when we begin to see beyond the ends of noses, only when we can balance the long and short-term effects of any given set of policies or decisions, will we be able to say we are managing the dynamics of our future.

Developing these kinds of environment models is difficult, to say the least. But it is being worked on today and makes up a significant part of the national space program right now. Let me cite a few examples. I have mentioned the weather satellites earlier: today, they are capable of measuring temperatures all the way from the surface of the ocean to the top of the atmosphere; they can trace the movement of clouds and derive therefrom the velocity of winds; they can measure the moisture content of the air. We are beginning to be able to put these kinds of observations together with other space measurements of the sun and the heat balance of the world to understand this great energy mechanism we call weather. A long range international program, the Global Atmospheric Research Program, has as its goal the development of such a worldwide weather model—and it can only be done with the help of space systems.

There is another example, much closer to home, of the power of modelling the natural environment. Last year, Operation Foresight was put into effect to minimize the disastrous effects of spring floods in the upper midwest. This called for combining the resources of many different institutions and organizations—the Corps of Engineers, the Department of Agriculture, the Red Cross—but the key was the prediction of the snow pack melting and runoff. And these predictions were made possible by remote sensing from spacecraft and aircraft as well as direct on-the-ground measurements. Because we were able to begin defensive measures early enough, because we could predict the amount of water we would have to handle and the rate at which it would come, we were in pretty good shape when the spring came. More than \$200 million worth of damage was prevented by knowing what was likely to happen and being able to act intelligently in response to that knowledge.

Let me jump from the real and immediate examples to some of the potentials we have in the future. Take the so-called solid earth. In fact, we are learning that the earth is as dynamic in its own way as is the atmosphere around it. Continents are on the move, great sheets of rock are being pushed into each other as a result of the recently discovered sea floor spreading. Our geodetic satellite programs are mapping these movements and leading us to an understanding of what they meant and, quite literally, where will they take us. But in relation to the subject at hand, this kind of understanding has great importance. Today, we use the oceans as sewers, pouring in all matter of poison, garbage, and junk ranging from left-over nuclear wastes to the familiar nitrogen and phosphate. We don't know the circulation patterns well enough to tell what happens to these now—or what may happen in the future. We haven't modelled our oceans well enough to know what their carrying capacities are, or what their biological balances should be. But we are beginning to do so—and again it is taking the global coverage

capabilities of satellites to provide the information. One intriguing waste disposal mechanism has been recently suggested, based on our new knowledge of ocean floor spreading and moving continents. If we could model these motions accurately enough, we could find the places where the great sheets of slowly moving rock slipped one under another, diving down into the mantle of the earth. This would be the place to put our wastes, where they would be then carried into and incorporated with the molten materials on which the continents float. We do not yet know how to do this, but this may be a long-range answer to the kind of disposal problem we have just had with poison gasses and which we will continue to have with radioactive materials. But before we can know whether or not it provides a solution, we must do much more research and develop a more complete understanding of the physics of our planet. The space program is working in this direction both in NASA and in other institutions, including the aerospace industry.

An interesting point came to light recently relative to ocean pollution from oil: A recent Gulf Coast oil well leak was looked at from a NASA earth resources airplane flying out of Houston to see what could be learned about measuring this kind of problem. By using different kinds of sensors, it turned out that the thin layer of oil was easily distinguishable from the water even when, on the surface, there appeared to be no oil present. This technique was so successful I understand the Coast Guard is incorporating it into its operation oil spill monitoring program. Of course, today we are mostly limited to aircraft, with their short range and limited fields of view. Soon, however, we may be able to count on satellites that can monitor whole oceans, reporting on natural and man-made oil spills in time to permit remedial—or preventive—action. Again, the technology of aerospace is only part of the solution—it permits detection and measurement and location of a problem, but it takes people to take the necessary action to contain or repair the damage.

These same techniques, first in aircraft and then in spacecraft, are being explored for application to a whole series of real, down-to-earth problems. NASA has brought together other Departments and agencies in their Earth Resources Program to see what can be done with remote sensing from space, using the various approaches of photography, radar, radiometry, and spectrometry. This field is still experimental, of course, but the promise for the future is already apparent.

It looks as though we can spot the onset of crop diseases from orbiting sensors even before the farmer on the ground can notice the change—and we can see the extent of damage much more clearly in the large overview we get from space than by piecing together little jigsaw puzzle elements from ground reports. Add to this capability rapid communications and long range agricultural planning and we have an ability to react quickly and effectively. Airborne and spaceborne sensors have already proven their useful ability to spot and monitor remote forest fires even though they are not yet visible; coupled with quick reaction firefighting systems, this capability can help reduce the half-billion dollar annual loss of lumber. Geological exploration from space has already been shown to be useful; the big picture lets us see and relate features too large to recognize on or near the surface of the ground. I have already mentioned one aspect of hydrology—flood predictions—but there are many others, such as mapping the flow of sediments from rivers, monitoring visible water pollution, charting currents, even distinguishing the boundaries between salt and fresh water where they meet in bays and estuaries. The important element here is that

this can be done not just once but repetitively from space, so that we can get a picture of the changes that come with time, with the seasons, with the intrusion of human activities. We are beginning to experiment with the possibility of identifying and measuring air pollution constituents and sources from space; coupled with an understanding of the weather systems which transport airborne pollutants, this may lead to rapid, early pinpointing of problem areas on a global scale.

I believe it is in such areas that aerospace technology will have a major permanent role to play in combating the environmental crises over the next decade. The ingenuity and dedication already exhibited in the conduct of our national space programs leaves little doubt that, if the problem can be defined in technological terms, it can be successfully solved. I am personally convinced that our space program will lead the way in bringing these approaches to bear on the health of our environment. But I am likewise convinced that we must maintain the right perspective on both the problems we seek to solve and the means we look to for solutions.

We need a more profound and complete understanding of the phenomena we wish to manage or control; we must not overlook the scientific research necessary to that understanding. We will certainly need space systems to measure, monitor, detect, and map the dynamics of our earth and seas. We must press to model our environment so as to know what we are doing to it and what can be done about it. Science and technology can provide the basis for rational, long range decisions taken for the long term benefit of all our citizens.

But this same perspective suggests we must be careful to distinguish between the tools we have to apply to a problem and the answer to the problem itself. I believe it is wrong to rely upon technology alone to combat the crisis of the environment, just as I am certain it would be wrong to ignore the tools technology can provide. The real test of our ability to continue to live upon the globe, upon Space Ship Earth, lies in ourselves. The crisis is more social than technical; it is more a question of balancing the many self-interests involved, and less one of finding breakthroughs or panaceas. Societal, economic, and political forces dominate in this battle for a better quality of life; we must work just as hard—if not harder—in these arenas as in the field of the hard sciences, of engineering, of systems approaches. And we must work these two together. Before selecting a technical solution, let us be sure we understand the impact it will have, both the benefits and the costs; let us be sure we know who will pay those costs, whether our generation or another, and whether they are warranted. And before selecting a legislative or social policy, let us be certain we haven't overlooked the powerful new tools that science and technology has placed in our hands.

Mr. Chairman, I am most encouraged by the work of this Subcommittee; I think it is a step we have to take and that properly guided it can take us in the right direction. I deeply appreciate the opportunity of sharing with you and the other distinguished members some of my own thoughts on the subject, some of my own enthusiasms as well as my concerns. Thank you, Mr. Chairman.

LOOKING AT THE REDUCED CRIME RATE IN THE DISTRICT OF COLUMBIA

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

past few months encouraging reports have been released indicating that the District of Columbia, long a city with one of the highest crime rates in the Nation, has begun to reap the rewards of its efforts to reduce crime. The comparative crime statistics for the last few months show the following decrease from statistics for corresponding months a year ago:

	Percent
July	13
August	19
September	25
October	20

With these dramatic declines in crime, I think it is extremely important to take time to analyze these statistics to see what has changed over the past months to cause such excellent results. Many of my colleagues here have begun to point to those supposed friends of the policeman embodied in the District of Columbia Crime Act, preventive detention, and no-knock, as critical factors in Washington's recent victories over crime. Unfortunately, it is necessary for me to point out that the District of Columbia Crime Act does not take effect until January 1971. What, reductions in crime rates without preventive detention and no-knock authority? Absolutely correct. Here is why.

The District of Columbia Police force annual report released August 12, attributes the downturn in crime in part to the all-out police recruitment drive begun earlier in the year. During this intense campaign, the report says, about 12,000 men were contacted, including many college students who had completed special studies in law enforcement. The recruitment drive, also aimed at increasing the number of minority group officers, resulted in a police force, as of July 1, of 4,600 men which was more than one-third nonwhite.

A week later, referring to the 13 percent drop in the July 1970 figures, as compared to the July 1969 figures, Mayor Walter Washington attributed the decline to primarily two major locally developed programs: a greatly expanded Police Department, and a massive narcotics addiction treatment program.

The Mayor said:

These two initiatives, both of them aimed at reduction of street crime, have just begun to exert their full impact. . . . It is clear to us that the action taken thus far, with more police on the streets, and fewer narcotic addicts on the streets needing money to support expensive narcotics habits, has begun to pay off in lower crime rates. . . . the whole criminal justice system must be reformed and made to perform effectively.

Also in August, Police Chief Jerry Wilson attributed July's encouraging crime statistics to various factors, placing emphasis on the 800 additional men on the street during the summer months while, as was reported in the newspapers, he "cautiously sidestepped specific predictions of the possible effects of the District of Columbia Crime Act."—Washington Post, August 19, 1970.

In September and October, Police Chief Wilson, commenting on the decreases in crime for those months, pointed again to an increased police presence on the

streets—with the District of Columbia force now enlarged to 5,100 officers—more aggressive prosecution by the U.S. Attorney's office, and reforms in the city's juvenile court procedures. In addition, he emphasized the success of an incentive program that had been secretly in effect for 3 months, in which cash awards of up to \$250 were being given policemen showing extraordinary initiative in solving crimes. Even the Washington Star, while pointing out that Washington now had the highest police-population ratio of any city in the United States, praised "more effective organization, more vigorous prosecutions and the new narcotics program"; and Mr. Nixon, during his visit to police headquarters in October, placed special emphasis on the fact that the latest decrease in the District of Columbia crime statistics had come even before the new District of Columbia Crime Act had been put into effect, Justice, he said, must be both swift and fair.

I have gone through these statistics month-by-month to point out that in fact, great strides have been made in the fight against crime in this city without the aid of ill-advised measures such as no-knock and preventive detention. Never in any of his monthly press conferences did Police Chief Wilson make reference to his looking forward to, or the need for, these new repressive law enforcement techniques. As I pointed out above, he in fact sidestepped the issue when questioned about it. Unfortunately, the President still believes that the crime rate will decrease even faster when the District of Columbia crime package becomes effective. I urge us all not to let our heads be turned by the President's mistaken hopes. The District of Columbia has shown the Nation that crime can be combated with constructive reform measures that are not based on Government mistrust of its own citizens, which in turn, leads to citizen mistrust of Government.

Let me summarize what was emphasized on three separate occasions by Mr. Wilson as the contributing factors in the 8-month reduction in crime:

First. An expanded police force with more visible patrols on the streets, giving Washington the highest police-population ratio of any city.

Second. A recruitment drive resulting in a sharp increase in the number of minority group officers and resulting in contact of college students who had completed special studies in law enforcement.

Third. More effective police force organization.

Fourth. More vigorous prosecution by the U.S. attorney's office.

Fifth. Improved morale of the police force due partially to the offering of incentives.

Sixth. Reforms in the juvenile courts.

Seventh. A new narcotics program.

For the future we can look to more sweeping court reorganization under the good parts of the District of Columbia Crime Act. For the first time in years, the District of Columbia local courts will have the manpower to handle promptly all cases the police and prosecutors can bring them.

This then, is how crime should be met. Here is the proof. Now these efforts must be made on the Federal level. We have begun with a strong narcotic rehabilitation program to take addicts off the streets and return them as useful and productive members of society. But, in addition, we must have well-trained, organized police forces, sufficiently staffed court systems that will give a man his right to a speedy trial, enlightened penal systems that will treat a prisoner as a human being and not make hardened criminals out of those who would have been one-time offenders, and finally, gun control measures. On November 11 of this year, the day after another New York City policeman was killed by a gun in the line of duty, Police Commissioner Patrick Murphy called for strong handgun control on "a national scale" to help the police control crime. He and Chicago Police Chief James Conlisk are not the only police commissioners supporting such action.

The District of Columbia is moving in the right direction. It is fighting crime through constructive means that have produced results. We can profit by Washington's example.

POW FAMILIES PRAISE RESCUE ATTEMPT

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

Mr. DEVINE. Mr. Speaker, in a press conference last week in their Washington, D.C., headquarters, the national leaders of the National League of Families of American Prisoners and Missing in Southeast Asia praised the recent POW rescue attempt.

In a related article, George Lardner, Jr., of the Washington Post writes about the reactions, both positive and negative, of some of the wives and mothers of these servicemen.

Not only my colleagues, but also all Americans should know of the feelings of those families directly affected by the raid, and I therefore insert Mr. Lardner's article "POW Families Praise Rescue Attempt" in the RECORD:

POW FAMILIES PRAISE RESCUE ATTEMPT

(By George Lardner, Jr.)

"I was completely heartsick over it," said Mrs. Vernon Alford, "but for the simple reason that there was no one there."

"I've been screaming with sheer joy," said Mrs. Howard J. Hill. "The only thing that disturbed me was that lousy Sen. Fulbright calling it an invasion. Ha! He should be in one of those camps."

Like many other mothers and wives of servicemen swallowed up by the war in Southeast Asia, the two women had little but praise yesterday for the bold U.S. rescue attempt at a prisoner-of-war camp near Hanoi over the weekend.

They were stunned that it should be attempted, delightful that it had been and disappointed only that the camp proved empty.

Mrs. Alford, from Pasadena, Tex., last heard from her son, Terry, 23, three weeks before the Army helicopter he piloted was reported missing, on Nov. 4, 1969, some 15 miles outside of Nhatrang.

Mrs. Hill, who lives in Alexandria, has been more fortunate. Air Force Capt. Howard

J. Hill was shot down over North Vietnam in Dec. 1967. For nine months, his wife had no word of him. But, then, released prisoners passed the news that he was a prisoner, and since spring, Mrs. Hill has had six letters from him.

The thought of reprisals by the North Vietnamese against the prisoners seemed not to bother most of the women, though for widely differing reasons.

"What else can they do to our men other than kill them?" asked Mrs. Alford, who would be delighted simply to hear that her son is a captive. "For some of these men, this would be a great blessing. They've done everything they can to break them down. Time is running out for all of them—mentally, physically, emotionally."

Mrs. Hill said she had no apprehensions on that score at all. "If anything, I think Hanoi will afford them better treatment," she said. "If the helicopters had brought out men in terrible condition, some maybe on the verge of death, how would that have looked for North Vietnam?"

There were, as might be expected, dissenting views. Mrs. Valerie Kushner, of Danville, Va., said she thought the raid a "political move" by the Nixon administration, empty of any solid, lasting commitment to secure the release of American men in captivity. It was the timing, she said, that upset her the most.

"They've known for many years those men are dying," said Mrs. Kushner, whose husband, an Army doctor, has been reported by some to be a prisoner somewhere in South Vietnam. "I think it's very unusual that they finally decided to make the raid at the same time they were violating North Vietnamese territory with those massive air raids. I think Sen. Fulbright was right in saying it was a provocative act. And it wiped the bombing raids right out of the headlines. I think they were exploiting the anguish of the men and their families, using the (prison camp) raid to try to justify a military act."

The mother of the American prisoner held the longest. Navy Lt. (j.g.) Everett Alvarez, Jr., was also unhappy.

"You can call me a big dove," said Mrs. Sally Alvarez of Santa Clara, Calif., whose son was shot down Aug. 5, 1964, during Gulf of Tonkin reprisal raids. "I am behind McGovern, Church and all of them."

All the women belong to the 2,500-member National League of Families of American Prisoners and Missing in Southeast Asia, whose national leaders praised the rescue effort yesterday in a press conference at their headquarters on Capitol Hill.

Mrs. Bobby G. Vinson, national coordinator of the league, said the families would "surely be heartened by this new evidence of concern on the part of the administration. Despite the failure of the rescue mission, it was daring and courageous in concept and execution, and we owe a debt of gratitude to those volunteers who were willing to risk their own lives in trying to aid our husbands and sons."

Flanking Mrs. Vinson at the press conference were two other women whose eyes were brimming with tears before it was done.

One of them, Mrs. Wilmer Grubb of Colonial Heights, Va., said she was told just this month that her husband, an Air Force major "whose capture was announced by the North Vietnamese" more than three years ago, is now dead.

Bitterly, Mrs. Grubb said she got the report by way of the Committee for Liaison, a New York-based antiwar group in contact with the North Vietnamese.

Evidently, it was the committee's report, announced at a press conference in New York Nov. 13, that served as the basis for Secretary of Defense Melvin Laird's recommendation to go ahead with the raid.

Laird has said he approved the move on the basis of "new information that we re-

ceived this month that some of our men were dying in prisoner-of-war camps."

Though most of the women said they would be happy to see the administration give it another try, few saw much hope for another raid on a North Vietnamese detention camp. As Mrs. Vinson put it, "I think the surprise element will be gone."

Afterwards, Mrs. Kushner, one of a dozen POW wives from Virginia who flew to Washington yesterday aboard a plane provided by Gov. Linwood Holton, said she still fears that efforts to secure the prisoners' freedom will die out in the pressure to settle the war.

She said Secretary of Defense Laird met in July, 1969, with some POW wives and told them there would be no substantial withdrawal of troops until the POW issue is settled.

One of her companions, Mrs. A. J. Palenscar of Virginia Beach, said she, too, thought the administration could do more. Her husband, a Navy pilot, has been "lost" since 1967.

"I think the raid was a good idea," she said. "And I feel the administration had to go ahead with the troop withdrawals. They were caught between a rock and a hard place: Hanoi's intransigence and American public opinion. But they can come down a lot harder than they have on the prisoner issue. . . . The President should make more efforts."

Mrs. Kushner reminded her of the abortive efforts made to get them to see President Nixon yesterday afternoon. "Linwood Holton tried to get us an audience three times today," Mrs. Kushner said. "He worked and worked to get us in, but he couldn't arrange it."

HEARINGS SCHEDULED BY COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

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

Mr. PRICE of Illinois. Mr. Speaker, the Committee on Standards of Official Conduct today completed the first series of Members' testimony on the subject of the raising, reporting, and use of political campaign contributions.

Any Members desiring to be heard, who have not already done so, should notify the committee promptly as further hearings are scheduled for next Tuesday and Wednesday, December 8 and 9.

Upon having heard testimony or receiving statements from all the Members who wish to do so, the committee will then hear from interested members of the public who feel they might make a contribution to the committee's study in this vital area.

The hearings are in response to House Resolution 1031, adopted some weeks ago, which directed the Committee on Standards of Official Conduct—which I have the honor to chair—to conduct studies of lobbying activities and campaign finances and report our recommendations at the earliest practicable date.

The two subjects, while interrelated, are being treated separately by the committee, as you may know. We conducted a series of hearings on lobbying activities last month and are in the process of drafting recommendations in that area.

The committee expects to report to the House before the end of the 91st Congress.

PERSONAL ANNOUNCEMENT

Mr. EDMONDSON. Mr. Speaker, on rollcall No. 374, which just took place

on H.R. 19599, I was called to my office on an urgent matter and unavoidably missed the rollcall. Had I been present my vote would have been "yea."

THE LATE HONORABLE WILLIAM L. DAWSON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. PRICE) is recognized for 60 minutes.

Mr. PRICE of Illinois. Mr. Speaker, the mark of a man can be measured in several ways, but none so exacting as the respect he holds among his colleagues. Today, we honor a man who was held in the highest respect by every man and woman who had the privilege of serving with him in the House. I speak of the Honorable WILLIAM LEVI DAWSON who represented the First District of Illinois from January 1943, until his death on November 9.

Respected by North and South, black and white, young and old, Congressman DAWSON epitomized the strength of character that John Kennedy portrayed in his book "Profiles of Courage." BILL DAWSON, the grandson of a slave, compiled a distinguished academic career as a magna cum laude graduate of Fisk University and a student of law at Kent College and Northwestern University. From 1933 to 1939 he served on the Chicago City Council. In 1942 he was elected to Congress and in 1949 became chairman of the House Committee on Expenditures in the Executive Departments, subsequently renamed the Government Operations Committee in 1952. He also served on the House Committee on the District of Columbia.

A man of character, a man of principle, BILL DAWSON was a national figure, not because he was the first black chairman of a major committee; not because President Kennedy offered him the opportunity to become the first black Cabinet Member; and not because he was the first black Vice Chairman of the Democratic National Committee. He was a national figure because he put the loyalty of his country foremost in his public career.

Few men in public life have had as distinguished a career as BILL DAWSON, in terms of recognition, honors and tributes. More importantly, few men have attained the place in history BILL DAWSON achieved because of his tireless and oftentimes unacknowledged efforts to reconcile democratic rhetoric with reality.

In 1951 when the House was considering the University Military Training Act, efforts were made to circumvent President Truman's Executive order desegregating the Armed Forces. BILL DAWSON and I worked together to defeat a section of that bill which would have negated the Presidential order. That day, Friday, April 13, 1951, BILL DAWSON stood in the well of the House in support of the Price amendment to eliminate that section and delivered one of the most stirring and passionate appeals for racial justice I have ever heard. Those who served in the House at that time will never forget his immortal words:

Give me the test that you would apply to make anyone a full-fledged American and by the living God, if it means death itself, I will pay it. But, give it to me. Why should

this body go on record at a time when we are fighting a world war to brand a section of its citizenry as second class?

BILL DAWSON had served his country in World War I. He had taken the test. Although above the draft age he went because, as he said:

I believed then as I believe now that it was the duty of every citizen when the welfare of the nation in which he claims citizenship is at stake, to rally to the call and to give his life, if need be, for the preservation of that nation.

That is what BILL DAWSON worked for all his life, the preservation of the Nation. His outlook was national although he had experienced the bitter fruits of racial injustice. Sustaining a severe war injury to his left shoulder BILL DAWSON carried shrapnel in him the rest of his days. As he recounted:

I cannot raise this left arm any higher than the shoulder unless I lift it with the other hand. That would have been a good joint if hospitalization had been available, and I had not been a Negro American.

Few men in this Chamber have given as much of themselves to a nation which at times has denied the rightful place to all our people.

Today, I eulogize BILL DAWSON out of a profound sense of respect and admiration. As a colleague of his, I am deeply saddened by his passing. But I am comforted by the memories I hold of this man who was working for racial justice long before civil rights became a burning issue. This man was a man of vision who believed that there was one America for all its people. Here was a man who literally gave his life in pursuit of the American dream.

To his widow, Mrs. Nellie Dawson, his son, William, and daughter, Barbara Ann, and the other family members, Mrs. Price and I extend our heartfelt sympathies.

Mr. Speaker, at this point in the RECORD, I would like to include a copy of the memorable speech Congressman DAWSON delivered on April 13, 1951. I think my colleagues will agree this represents an article of faith of a man who believed deeply in his country. Also, I would like to include a copy of the program of the funeral service held on Thursday, November 12, 1970, at the Progressive Baptist Church, 3658 South Wentworth, Chicago, Ill. The items follow:

SEGREGATION IN THE ARMED FORCES

Mr. DAWSON. Mr. Chairman, I was born in the South. I lived there all during the days of my young manhood. When World War I broke out I was above the draft age. I did not have to go, but I believed then as I believe now that it was the duty of every citizen, when the welfare of the nation in which he claims citizenship is at stake, to rally to the call and to give his life, if need be, for the preservation of that nation.

I went to war. I was commissioned WILLIAM L. DAWSON, first lieutenant of infantry. I led Americans in battle—black Americans. This mark you see here on my forehead is the result of German mustard gas. This left shoulder of mine is today a slip joint. I cannot raise this left arm any higher than the shoulder unless I lift it with the other hand. That would have been a good joint if hospitalization had been available, and I had not been a Negro American. I served in a segregated outfit as a citizen trying to save this country.

How long, how long, my conferees and gentlemen from the South, will you divide us Americans on account of color? Give me the test that you would apply to make anyone a full-fledged American, and by the living God, if it means death itself, I will pay it. But, give it to me. Why should this body go on record at a time when we are fighting a world war to brand a section of its citizenry as second class?

I have sat in the well of this House and I have seen you gentlemen from the South, and rightly so, stand up and applaud members of other races, nonwhite races, who were darker than I am. I have seen you applaud them, yet you will take me, a citizen of the United States, of your own flesh and blood, and brand me with second-class citizenship.

If there is one place in America where there should not be segregation, that place is in the armed services, among those who fight for this country. Oh, I know how some of you feel, but there is but one God and there is but one race of men all made in the image of God. I did not make myself black any more than you made yourselves white, and God did not curse me when he made me black any more than he cursed you when he made you white. I would give up this life of mine to preserve this country and every American in it, white or black. Deny to me today, if you will all that American citizenship stands for, I will still fight to preserve our Nation knowing that someday under the Constitution of the United States all of these restrictions will be removed, and that we will move forward before the world as one people, American people, joined in a democracy which shall set the pattern for all the world.

I say to you who claim to love America, in this hour of its stress that the greatest argument the Soviet Union is using among the black peoples of this world to turn them against you is your treatment of me and Americans like me.

No, I do not believe this body means to go off on this tangent, and I believe you who come from the South, if you would look back a little bit, would never, never again take a step to handicap any one of God's children for what they are. I believe that the South is big enough for all of us to live in together in peace and in happiness if we can but have understanding; but we cannot have understanding if you array one against another because of color.

I hope you will vote for the Price amendment.

OBSEQUIES

(William Levi Dawson, 1886-70, Progressive Baptist Church, Thursday, November 12, 1970—11:00 A.M., 3658 South Wentworth Avenue, Chicago, Ill.)

OBITUARY

William Levi Dawson was born in Albany, Georgia, April 26, 1886, the second son of Rebecca Kendrick Dawson and Levi Dawson. The young William worked from earliest childhood, helping both mother and father with the younger children.

While still working, now as a waiter on the railroad, Dawson entered Fisk University in Nashville, Tennessee. Here he participated fully in academic and extra-curricular activities. Captain of the debating and the football team he became a member of Alpha Phi Alpha fraternity, graduating in 1909 with Baccalaureate degree, Magna Cum Laude.

In 1917, as a volunteer to the Officers Training Program, Dawson was commissioned a First Lieutenant in the 365th Regiment of the 92nd Infantry Division. He carried shrapnel in his body all of his life as a result of wounds received in battle. He was also the victim of a German gas attack.

His experiences on the battlefield caused him to make a pledge to the men who were

killed while under his command that his life would be devoted to insuring that their deaths had not been in vain.

In 1933 he was elected to the City Council from the 2nd Ward and on November 3, 1942, William L. Dawson was elected to the United States Congress to represent the First Congressional District. He took his seat in the 78th Congress and has served with great distinction in every Congress since that time.

William L. Dawson was without peer, giving a breadth and dimension to black political leadership that had not been known in American history.

Chairman of the powerful House Committee on Government Operations; Vice Chairman of the Democratic National Committee; Vice Chairman of the Democratic Cook County Central Committee and the organizer of the most effective political organization operated by blacks in the history of the United States. Bill Dawson was gifted from his birth, as a leader.

The sincere and effective leader never flaunts the power vested in him. Perhaps it is because he knows that the greatest of power comes as a Divine gift. The event that occurs today is just symbolic of one's brief passage through this life. Our gifted leader loved the people, and we all know that Divine Love always has and always will meet every human need.

Surviving: His widow, Mrs. Nellie Brown Dawson, his son William Levi and his daughter Barbara Ann, nieces, nephews and a host of other relatives and friends.

ORDER OF SERVICE

Presiding, Reverend Frederick P. Wall. Processional.

Organ Prelude.

Reading of the Scriptures:

Old Testament, Reverend E. R. Williams.

New Testament, Reverend Paul Turner.

Invocation, Reverend Retha Brown.

Musical Selection, Choir.

Remarks:

Hon. Richard J. Daley.

Hon. Chet Holifield.

Hon. Charles Diggs.

Hon. Edith S. Sampson.

John S. Sengstacke.

Denton J. Brooks, Jr.

Hon. William H. Harvey.

Hon. Fred J. Smith.

William P. Fitzgerald.

Musical Selection, Choir.

Reverend Archibald J. Carey, Jr.

Reverend Trudie Trimm.

Reverend Clarence H. Cobbs.

Acknowledgments.

Solo, Miss Mahalia Jackson.

Eulogy, Reverend Corneal A. Davis.

Closing Prayer, Bishop Louis H. Ford.

Recessional.

Funeral Director In Charge, Ernest A. Griffin.

Maurice G. McIntosh, F.D. and Ethel Dawn Griffin, F.D., Assistant Directors.

ACTIVE PALLEBEARERS

Jerry Brown, John H. Grayson, James Harris, Joseph Jefferson, James Kemp, Estanislao Miranda, Sylvester Patterson, and Frank Price.

HONORARY PALLEBEARERS

Julian Black, William J. Barnett, Lausayle Brown, Hon. Lewis A. H. Caldwell, Hon. Virgil Calvert, Hon. Kenneth E. Campbell, Hon. James Y. Carter, James Cole, Robert N. Colin, and Hon. George W. Collins.

Dr. Homer Cooper, Hon. James D. Crosson, Hon. P. J. Cullerton, Bertel W. Daigre, Com. Harry Deas, Lawrence P. Davis, Col. Steve G. Davis, Hon. George Dunee, Hon. Wilson Frost, and Truman K. Gibson, Sr.

Truman K. Gibson, Jr., Hon. Quentin Goodwin, Com. Robert Harness, George S. Harris, Hon. Augustus Hawkins, Hon. Claude Holman, Hon. Frank O. Horne, Thomas E.

Hunter, Hon. Lyndon B. Johnson, and Hon. Mark Jones.

Dr. Percy Julian, Hon. Sidney A. Jones, Jr., Mr. Theodore A. Jones, Harry F. Kelly, Arthur B. Knight, Hon. Kenneth E. Wilson, Hon. Walter E. Washington, and Hon. Adial E. Stevenson.

Dr. T. K. Lawless, Robert Landrum, Lt. Col. Benote Lee, Hon. George Leighton, Walter Lowe.

Louis Martin, Hon. John McCormack, Hon. Ralph Metcalfe, Robert H. Miller, and Dr. Booker T. McGraw.

William R. Ming, Jr., Clarence Mitchell, Booker T. Money, Daniel Monroe, Leon Motts, Hon. James A. Nabritt, Hugh Osbourne, Hon. James Parsons, Aaron Payne, and Hon. Maurice Pompey.

Albert S. Porter, Moses Proffitt, Hon. Joseph Robicheaux, Hon. William H. Robinson, Hon. John Rogers, Hon. William Shannon, Dr. H. Reginald Smith, Dr. Albert Spaulding, and James E. Stamps.

Hon. Earl Strayhorn, Cornelius Swader, Charles Travick, Hon. Harry S. Truman, Earl Square Washington, and Charles Wesley.

SECOND WARD, DEMOCRATIC ORGANIZATION, OFFICIALS AND CAPTAINS

President, Corneal A. Davis.

Vice President, William P. Fitzgerald.

Organization Secretary, Mrs. Mildred Casey.

Corresponding Secretary, Dr. Albert Graves.

Treasurer, Acting Committeeman William H. Harvey.

Sergeant At Arms, Sylvester Patterson.

Committeewoman, Mrs. Fred J. Smith.

SECOND WARD REGULAR PRECINCT CAPTAINS

Joseph Turner, Albyvory Corley, Sylvester Paterson, Roosevelt Henderson, Bernard Hinton, James Elam, Dorothy Green, Jess Roberson, Fred Fratto, Henry Davis, Oscar Bausley, Leon Albritton, and Robert White.

Bernice Collins, Ernest Wilson, John Battle, Harold Thompson, Earl Thomas, Ronald Miller, Theresa Boykins, Mary Ann Newman, George Jones, Jr., Wilton Moore, Fred J. Smith, Willie Wells, and Lester Barber.

William R. Harris, Henry Smith, Corneal A. Davis, William Barnett, Chester Henderson, Leon Albritton, Jr., John W. Rogers, Lula Webb, Nellie Jones, Michael Johnson, William Winfrey, Edward Vasser, and Clifford Stark.

Ralph Goren, Edward J. Reed, Mattie Walker, Edison A. Love, Curtis Jones, Melvin Barrett, Edna Clark Taylor, Cortez Taylor, Linda Lewis, Jerry Brown, Robert Crawford, Henry Howard, and Maxine Dogan.

STAFF—COMMITTEE ON GOVERNMENT OPERATIONS, WASHINGTON, D.C.

Mrs. Christine Davis, James Lanigan, Quin Romney, John Dodson, Elmer Henderson, Herbert Roback, Phil Carlson, Louis Freed, Mrs. Norma Williams, and Lawrence Redmond.

Personal Physician, Ellis D. Johnson, M.D.

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

Mr. PRICE of Illinois. I yield to the distinguished Speaker of the House.

Mr. McCORMACK. Mr. Speaker, for many years our late beloved friend, Congressman BILL DAWSON, served with great distinction in this body, representing the people of his district, his State, and our country with dedication, courage and with great ability.

Mr. Speaker, I think the gentleman from Illinois (Mr. PRICE) has well summed up in eloquent words the spirit and the life of BILL DAWSON when he said, "He literally gave his life in pursuit of the American dream."

Congressman BILL DAWSON was one of my dear and valued friends.

It happened that during the Republican-controlled Congress prior to his being elected as chairman of the Committee on Government Operations that I served on the Committee on Government Operations as a member of the Democratic minority. The following Congress, as a result of the action of the people at the polls, the Democratic Party again took control of the House of Representatives. I came back as the majority leader. At that time I was the ranking member on the Democratic side of the Committee on Government Operations. Under the custom and practice—not rule but custom and practice—of the Democratic caucus I would have become chairman of the committee. But, coming back as majority leader that thought never entered my mind. It was a particular source of pleasure to me at that time to step aside so that BILL DAWSON became the first American Negro to be chairman of a committee in the Congress of the United States.

In addition to stepping aside, I stayed on the committee to serve under him as chairman and with him as chairman and to symbolize for whatever my service on the committee might be, an example for others to follow. In those days the ecumenical spirit was not as strong as it is today. I served on that committee until I was elected Speaker and my service on that committee was not only because of the reasons I stated, but more so because of the deep friendship and the profound respect that I had for Congressman BILL DAWSON, not only as a great American and an outstanding legislator, but as one of the finest human beings that I have ever met.

BILL DAWSON was not only a great man, but a good man. I know of no finer characterization that anyone can give to another, or could give to me, than that I am great and good. And I might say that if I could not be both, and I had the election of one or the other, I would elect being good than great, but BILL DAWSON was both great and good.

His service, when he was in good health, as chairman of the committee, was outstanding. His conduct on bills of his committee on the floor of the House was masterful. He was one of the most eloquent speakers that I ever listened to. And when BILL DAWSON was well and took the floor, the House was given a treat not only in logic, in soundness of expression, but in eloquence of expression, beauty of thought and word.

Those of us who are here today grieve the passing of BILL DAWSON. Those who saw him—and I can see him now—during the years when he was not feeling well, know that he still carried on his duties. He was always on the floor of the House, both during general debate and while the House itself was in session. He set an example for all of the Members to follow, and many of us were inspired by BILL DAWSON, the man, BILL DAWSON, the American, and BILL DAWSON, the legislator.

So, Mr. Speaker, I join with my friend, the gentleman from Illinois, and the other members of the Illinois delegation on both sides of the aisle, in expressing my deep grief at the passing of this great

man. His memory, because of the contributions he made while a Member of this body, will always be a part of the history of the House of Representatives.

I extend to his loved ones my deep sympathy in their great loss and sorrow.

Mr. PRICE of Illinois. Mr. Speaker, I yield to the gentleman from Oklahoma, our distinguished majority leader (Mr. ALBERT).

Mr. ALBERT. Mr. Speaker, I first want to thank the distinguished and beloved dean of the Illinois delegation for giving our colleagues an opportunity to pay tribute to our late and beloved colleague, BILL DAWSON. I want to join in the beautiful sentiments which he and our great Speaker have expressed about this extraordinary man.

Of all the people I have known I have never known a man possessed of a kinder, nobler, sweeter character than BILL DAWSON. He spoke and acted from a depth of conviction and from a reserve of strength acquired by only a few rare human beings. I remember so well when I first came to the House, that BILL usually took his seat where the gentleman from California (Mr. VAN DEERLIN), is sitting now, and next to him sat Tom O'Brien, also a late beloved colleague of the Illinois delegation; these two men seldom took the floor, but there was more power in their silence than there was in the eloquence in the Chamber of the House of Representatives. These were outstanding men who came to us from the great city of Chicago, both of whom made their memorable records.

BILL DAWSON, too, made his mark in the House and placed his stamp on much landmark legislation. He will be remembered as much for the kind of man he was as for the great things he accomplished, first and foremost, as the gentleman has said, he was an American who was proud to be an American.

In his younger days in some areas of his life BILL DAWSON was made strongly aware of the disadvantages that the people suffered who happened to be of his own color. Yet he never apologized, never excused or resented. He operated out of the highest personal ideals and motives. He had steadfast confidence in himself and his country.

I remember an occasion when I was a young member of the Congressional Democratic Campaign Committee and we were talking about the coming elections. BILL DAWSON got up and made the best speech that was made. He said:

You know there is a lot that unites us in this country and there is a lot we can do to unite America—and this is the way to bring victory to the polls for our party or for any other party.

He expressed that thought much more eloquently than I can remember or repeat, but I offer it as typical of BILL DAWSON's constructive turn of mind. He was always a man of wisdom—always a man of judgment—always a man of common sense—always a legislator devoted to his country and to mankind. He was a distinguished American politician, an eminent committee chairman, elected to office year after year by overwhelming majorities.

His family and his community furnished us one of the finest Representatives of my day and generation. May I through these remarks express to his widow and to his children the deep sympathy that Mrs. Albert and I have for them and the abiding respect and love that we will always have for their late and beloved husband and father.

Mr. PRICE of Illinois. Mr. Speaker, I yield to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Speaker, I thank the gentleman for yielding. I feel very privileged to join in paying final tribute to our late colleague, BILL DAWSON.

It was, of course, also my privilege to know him during a large part of his lifetime and to recognize that he had a long, full and successful life. I was privileged too when I first came to the House of Representatives in 1962 to be named to the House Committee on Government Operations on which he served as chairman and to enjoy the advantage of his leadership, friendship, and his consideration and cooperation in helping me to make my first years in the House of Representatives interesting, fruitful and productive.

Also I want to mention quite personally, and quite frankly, that Congressman BILL DAWSON and I had a very intimate religious affiliation and affinity. I know the depth of the religious and spiritual faith which guided BILL DAWSON in his thought and in his work as well as that of his wife, Nellie.

For all the things he contributed to his community, to his State and to his country and for all of the love which he demonstrated and bestowed on all of us who served with him—for all of his many contributions to his people and to mankind, I want to pay respect, honor, and tribute and join with the gentleman from Illinois in his eulogy which he has expressed so eloquently on behalf of all the Members of the House today.

Mr. PRICE of Illinois. Mr. Speaker, I yield to the gentleman from Louisiana (Mr. BOGGS).

Mr. BOGGS. Mr. Speaker, I would like to join with the distinguished gentleman from Illinois, with the distinguished Speaker of the House of Representatives, and the distinguished majority leader and all the other Members who have expressed or will express their deep regret and feeling of loss at the passing of one of the great Members of this House.

I, too, came here a good many years ago when the problems separating us were even more difficult than they seem to be today. I immediately got to know BILL DAWSON. He was a tower of strength. He was a man who sought to unite people and to bring them together, and if there was a gap, to bridge the gap. He did a great deal in promoting race relations all over this country. He frequently came to my city some years ago where he was honored and revered by both the white and the black communities. He would come there and make fine campaign statements on behalf of the Democratic Party. He was a partisan, yes, but he was first an American.

I saw him develop the great Committee on Government Operations. He was

a chairman who was willing to assume full responsibility, but at the same time take into his confidence the members of his committee through the operation of a very fine subcommittee. So I join with all the others who have expressed their regret and their sadness at the passing of a great citizen of your distinguished city and a great Member of this body.

Mr. PRICE of Illinois. Mr. Chairman, I yield to the gentleman from Connecticut (Mr. MONAGAN).

Mr. MONAGAN. Mr. Speaker, once more the House sits in grief: Time relentlessly takes its toll. Yet seldom is the wound upon this body so deep as that inflicted by the recent passing of our colleague, WILLIAM L. DAWSON.

We have lost not just a respected and admired friend, but also the singular genius of mind and character which inspired the noble person of BILL DAWSON. Destiny's own man, he reshaped his times. All Americans, whatever their origin, are the better for his work.

We here knew him well as an able, dedicated, Member of the House who acted and voted as a friend of the people in the best tradition of the Democratic Party he proudly served and led. Some of us also were privileged to know him as the chairman of a great standing committee of the House, the Committee on Government Operations.

I have always felt deeply grateful to our late chairman for his confidence, when, early in my service, he designated me as chairman of the Special Subcommittee on Donable Property, with oversight of the program through which our Federal surplus property can be donated to schools, hospitals, and civil defense units in all the States. In 1969, Chairman DAWSON appointed me to head the Special Studies Subcommittee, which he himself had chaired in the previous Congress. Part of the work of my present subcommittee is to continue oversight of the donable property program. Chairman DAWSON's sustained support of this special aspect of our committee's work is typical of his devotion to programs aimed at the good of our people at the local level.

BILL DAWSON's service as chairman of the Committee on Government Operations covered nearly 20 years. It was distinguished by fairness, graciousness, and sound judgment. He was a consummate composer of differences, with a keen instinct for the right as well as the possible. His direction of our large and active committee inspired confidence, not controversy.

Fanfare and flamboyance were foreign to him. It was always his desire that the committee speak to the House and to the world through its official reports.

Yet BILL DAWSON's service as a Member of the House and a committee chairman was simply part of a larger service to his fellow men. Service to others was the style and the goal of his life. He never wavered from this, and it kept his great reservoir of moral courage always full.

In fulfillment of his life's goal, he trained and disciplined himself superbly. A soldier and then a lawyer, he sought out positions of responsibility and leadership. He astutely conceived a grand de-

sign for carrying his desire to serve to fullest fruition. It was to bring the political process to his people so they might more fairly share in the obligations and benefits of citizenship. In doing so, he also placed himself at their disposal for nearly three decades to meet their needs and espouse their aspirations as their elected representative within the political system.

How well he achieved this grand design is part of modern history and needs no elaboration here. We know that through his help, darkness has lifted from his community and the sunlight of political participation has penetrated to quicken its citizenry, so long held beneath the shadow of prejudice and indifference.

Among his earthly allegiances, love for his country stood at the pinnacle with love for his people. A compassionate and sensitive man, he would, in reflective moments, speak movingly of his hopes and ideals. The pride he justly felt in his race, he would sometimes express through the voices of the Negro poets of America. Their works were near at hand wherever he was throughout most of his life.

Picture in your minds for a few moments our departed comrade as an officer of the American Expeditionary Force standing in the trenches of France. In his hand he is holding a book of poems. Let us now read, and try to feel with him some of the words of immortal James Weldon Johnson from the poem "Fifty Years":

FIFTY YEARS

Full well I know the hour when hope
Sinks dead, and round us everywhere
Hangs stifling darkness, and we grope
With hands uplifted in despair.

Courage! Look out, beyond, and see
The far horizon's beckoning span!
Faith in your God-known destiny!
We are a part of some great plan.

Because the tongues of Garrison
And Phillips now are cold in death,
Think you their work can be undone?
Or quenched the fires lit by their breath?

Think you that John Brown's spirit stops?
That Lovejoy was but idly slain?
Or do you think those precious drops
From Lincoln's heart were shed in vain?

That for which millions prayed and sighed,
That for which tens of thousands fought,
For which so many freely died,
God cannot let it come to naught.

Mr. Speaker, may we always remember and be guided by the example of this great American, our beloved colleague, WILLIAM L. DAWSON.

Mr. PRICE of Illinois. Mr. Speaker, I yield to the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Speaker, I want to associate myself with the remarks and the tribute of the gentleman from Illinois (Mr. PRICE) about our friend, the late WILLIAM L. DAWSON, who was chairman of the Committee on Government Operations for nearly 18 years. For almost 16 of those years, I served with him as chairman of one of the committee's subcommittees, and came to know him as a personal friend.

BILL DAWSON was the first member of his race to become chairman of a House committee, and he did so at a time when

competency and quality had to stand out above racial barriers. That achievement is and will undoubtedly continue to be recorded in our history books. History should also record that BILL DAWSON was a great chairman of a great committee. I am satisfied that he was highly respected by every member of his committee down through the years. He was one whose accomplishments all of us admire and respect.

BILL DAWSON believed strongly that the Government of the United States belongs to the people. He felt that the people are entitled to the best possible performance from those entrusted with the immense power of government and that the people are also entitled to a full accounting of that performance.

Under BILL DAWSON's leadership, the Committee on Government Operations was responsible through the years for saving hundreds of millions of dollars through the elimination of inefficiency, duplication, and waste in Government programs. Even more important, the committee's work has made an invaluable contribution by improving efficiency in the administration of vitally important Federal programs which were enacted by Congress to serve and protect the public.

BILL DAWSON was a staunch Democrat, a one hundred percent one, who served with distinction for many years as vice chairman of the Democratic National Committee. But he did not let partisan considerations interfere in the work of his committee or in his personal relationships with his colleagues. He was an extremely, warmhearted and friendly person, proud of his heritage and very proud to be an American. He had great faith in the future of his race and his country.

BILL DAWSON was especially proud of his committee and its great accomplishments under his leadership. He was unfailingly considerate, generous and helpful to all those serving under his leadership, Democrats and Republicans alike. I am proud of my service with him and under his leadership. He was also a sympathetic and understanding person and a responsible humanitarian.

BILL DAWSON was one of the outstanding congressional leaders of our time, and he was an eloquent, effective and responsible spokesman for his people. But he did not limit his concern and his dedication to any one group. Throughout his long and distinguished career, BILL DAWSON unselfishly devoted his efforts to improving public services and to the advancement of all of his fellow citizens.

He was also a man of great courage and conviction. I doubt that many people outside of his congressional district were mindful of the physical adversity under which he labored. And yet, in spite of it, and physical pain he moved about with great vigor and no complaints.

BILL DAWSON has left behind a great legacy and a great record of public service, one which reflects credit not only upon himself and his family, his race and people of the congressional district he so ably represented for so long, but also upon his State and Nation. He will be greatly missed in this body, especially by those of us who served with him on the Government Operations Committee. My

deepest sympathy goes out Mrs. Dawson and other members of the Dawson family.

Mr. PRICE of Illinois. Mr. Speaker, I yield to the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Speaker, it was not my privilege to serve on the committee with our late colleague, WILLIAM L. DAWSON, but it was my privilege to know him for a number of years and to count him among my firends. I had a great admiration of BILL DAWSON, as other Members of this body had. I not only respected him—we all respected him—but I also admired him because of his characteristics which have been so ably portrayed this afternoon.

He was a great American. He was an ornament to this House and one whom all the Members who knew him regarded as a great and outstanding Member.

Mr. Speaker, I could add nothing to the fine words that have been said except my own testimony of my own personal friendship and my own sympathy for the members of his family.

Mr. GERALD R. FORD. Mr. Speaker, Representative WILLIAM DAWSON, of Illinois, has left a glorious record as a longtime Member of the House of Representatives.

Before coming to Washington BILL DAWSON had an enviable record in the city of Chicago. During his esteemed career in the House of Representatives BILL DAWSON became recognized as an outstanding legislator. His superb service culminated as chairman of the Committee on Government Operations.

I was honored to call BILL DAWSON my friend. We in the House have lost not only a friend but an able legislator who contributed much to make America a better place for all.

I extend to his family my deepest condolences. I regret I was not able to attend those services where his many friends paid their final tribute to a great American.

Mr. BURKE of Massachusetts. Mr. Speaker, I take this opportunity to join with the Honorable Speaker of the House, JOHN W. McCORMACK, our esteemed majority leader, CARL ALBERT, and the dean of the Illinois congressional delegation, the Honorable MELVIN PRICE in paying respect to a great American the late and beloved Congressman WILLIAM DAWSON of Illinois.

During my 12 years in this Congress I had the opportunity to observe his great and devoted service to our country. BILL DAWSON was respected by all Members of Congress. His steady, well-balanced efforts on behalf of his fellow man earned for him the continued support of the people of his congressional district and he was returned to Congress year after year by a grateful electorate.

BILL DAWSON was a man of courage, determination and with a farsighted view of the problems facing our Nation.

He was a pioneer, he was one of God's great noblemen.

My sympathy goes out to his loved ones at this time of sorrow.

Mr. MONAGAN. Mr. Speaker, after the passing of our colleague, WILLIAM L. DAWSON, a lengthy and informative ac-

count of his career was written by Mr. Simeon Booker, Washington bureau chief of Jet magazine. The article, entitled: "Nation Mourns Dawson's Death as Capitol Flag Flies Half-Mast" appears in the November 26, 1970, issue. It describes the many facets of this splendid public servant, our late colleague; and I include portions of it in the RECORD at this point:

NATION MOURNS DAWSON'S DEATH AS CAPITOL FLAG FLIES HALF-MAST

(By Simeon Booker)

The American flag rippled at half-mast against the steel-gray skies above the U.S. Capitol in Washington, D.C. For the first time, Congress honored one of its own deceased Black members—84-year-old WILLIAM LEVI DAWSON of Chicago, the House of Representatives' most aged member and the first Black chairman of a major congressional committee (the House Committee on Government Operations). Rep. Dawson died of pneumonia in Chicago's Veterans Research Hospital.

For 28 years, "BILL" DAWSON commuted to the nation's capital, first as the House's only Black member during the pre-civil rights days, then as the first champion of voting rights legislation and a confidant of President Harry S. Truman, and later as an aging warrior heading a committee overseeing the spending of millions of U.S. dollars.

In more than a quarter of a century, Dawson changed little. He never sought headlines, never held press conferences, never issued information releases and never jumped in the front row of the civil rights movement. "I'm a politician," he told colleagues. "It's not always the people getting headlines who count. Sometimes you get things done quietly because you've got the right contacts and the right kind of political pressure."

The record of what Dawson did during his long legislative career probably will be limited to what has already been published—his courageous House speech on nondiscrimination in the Armed Services, his early efforts to influence Blacks to vote in the South and, later, his behind-the-scenes aid on voting legislation, his toppling of Mayor Martin Kennelly in the Chicago mayor's race in 1955, his refusal of the Postmaster General post in the Administration of the late President John F. Kennedy and his gallant personal battle against the infirmities of age while trying to hold together his powerful South Side operation—the most effective political machine ever put together by a Black or white man. For the last few years, Dawson was a man rarely seen in public—except at the important functions of his Chicago political organization.

"He was sick but his mind was razor sharp," said an aide. "He was always shrewd. He realized what was happening, and quietly he tried to stave off a complete collapse of the work of a lifetime—his vote-getting machinery." With newspapers speculating about the future of his team—and its ability to elect candidates—in a growing civil rights-minded community, Dawson handpicked Cong.-elect Ralph H. Metcalfe as his successor and began to shift responsibilities. For the present, the operation is ship shape—not likely to sink. But one point is clear—no one will wield the power of the man who gave former clerk Richard J. Daley the boost he needed to become Chicago's mayor and the most powerful politician in the Midwest.

The growing number of Black mayors of major cities—except in Chicago where Dawson's machine became part of a citywide effort—was a political reality Dawson envisioned years ago. Described as a "master politician," Dawson believed—and proved it—that Blacks in low-income areas could be mobilized into a hearty vote task force. There were difficulties. Many residents were

new arrivals from the South where the balloting was a luxury or a denied opportunity. There was the abnormal degree of vice and corruption. There was the problem of poverty and welfare.

Dawson's political thrust encompassed these factors with programs specifically designed to woo and encourage these major groupings, from eligibility for welfare to Thanksgiving baskets, from municipal jobs based on ability to rack up votes as a precinct captain to nomination for high office because of loyalty and financial support. Dawson was an early foe of permissiveness. His discipline was hard and cold. No one contradicted him. None defied him. The penalty was exclusion and sentence as an outcast. Sometimes his actions veered on ruthlessness, but Dawson felt that it was necessary to "run an efficient organization."

Chicago's South Side was Dawson's fiefdom—and no one successfully invaded this area for any reason without a personal approval from "The Man." Even the late Nobel Peace Prize winner Rev. Dr. Martin Luther King Jr. found his slum program running into trouble because of Dawson's decree. A friend said that "King couldn't make it in Chicago when his program aroused Dawson organization suspicion that it could become a threat to his political survival."

From his Chicago base, Dawson became an absolute national power during the Truman years, perhaps, the only time he maintained rigid control over national Democrats. As vice chairman of the Democratic National Committee, he personally approved Blacks for high office, from Judge William Hastie to housing aide Dr. Robert C. Weaver. President Truman counted on Dawson for advice, counsel and his ability to "control Blacks."

During this period, Dawson experienced his first disagreements with civil rights groups and with Harlem's Rep. Adam Clayton Powell Jr., who bitterly assailed Mrs. Truman as "the last lady of the land" when she accepted a Daughters of the American Revolution (DAR) invitation. The DAR refused to allow Blacks to use its Constitution Hall. Dawson was outraged at Powell's conduct.

He was never identified with economic or civil rights forces. But always he voted for such measures and quietly lined up support in the corridors. His real strength lay in his ability to negotiate with powerful Southern members, some committee chairmen. He liked to tell about his early encounters with Dixie lawmakers. He would approach them and say, "Hello." At first his greetings were ignored. Then after a few encounters, the Southerners would speak, then talk to him. Many times, he would trade favors, getting Southerners to absent themselves from the chamber so as not to oppose legislation. On the other hand, Dawson was one of the early contributors to civil rights forces in the South. He would contribute money but would ask that no mention be made of his gift.

JFK ALSO OWED DAWSON

The 1960 election of President John F. Kennedy, perhaps, was the turning point in Dawson's career. Dawson's help in Chicago voting gave the Kennedys a big lift. The President-elect wanted to show his thanks. JFK put out the word that Dawson was being considered for the Postmaster General post, a first (for Blacks) and a key political role.

Finally, Dawson acknowledged that he "would not give up thousands of votes for a single vote" in turning down the Cabinet post.

The increase in the number of Black congressmen also diluted Dawson's power. The Albany, Ga., native who worked his way through Fisk University and the Kent Law School was a hero for a generation that had suffered through segregation and seen Dawson rise to the occasion.

THE DAWSON SPEECH THAT BEAT BIASED BILL

Attacking the Winstead Amendment which favored segregation in the armed forces, Congressman Dawson's impassioned plea on April 12, 1951, so moved lawmakers that some white Southerners joined in to send the amendment to defeat by a 178 to 126 vote. The excerpted speech:

"How long, how long, my conferees and gentlemen from the South will you divide us Americans on account of color? Give me the test that you would apply to make anyone a full-fledged American, and by the living God, if it means death itself, I will pay it. But give it to me. Why should this body go on record at a time when we are fighting a world war to brand a section of its citizenry as second class? I have sat in the well of the House and I have seen you gentlemen from the South, and rightly so, applaud members of other races—nonwhite races—who were darker than I am. I have seen you applaud them, yet you will take me, a citizen of the United States, of your own flesh and blood, and brand me with second-class citizenship.

"If there is one place in America where there would not be segregation, that place is in the armed services, among those who fight for this country. Oh, I know how some of you feel; but there is but one God and there is but one race—all made in the image of God. I did not make myself Black any more than you made yourself white, and God did not curse me when He made me Black any more than He cursed you when He made you white. I would give up this life of mine to preserve this country, and every American in it, white or Black. Deny to me today, if you will, all that American citizenship stands for, I will still fight to preserve our nation knowing that some day—under the Constitution of the United States—all of these restrictions will be removed, and that we will move forward before the world as one people—American people—joined in a democracy which shall set the pattern for all the world.

"I say to you who claim to love America, in this hour of its stress, that the greatest argument the Soviet Union is using among the Black peoples of this world—to turn them against you—is your treatment of me, and Americans like me. No, I do not believe this body means to go off on this tangent . . .

WORDS OF WISDOM FROM A MASTER POLITICIAN

On the GOP's 1948 slogan: "It's time for a change," because the Democrats have been in power too long: "How long is too long when a thing is good?"

On his devotion to politics: "Politics with me is a full-time business. It is not a hobby to be worked on in leisure hours, but it's a job—a full-time job that pays off only if a man is willing to apply the energy, start from scratch and profit by his experiences."

On Blacks voting: "We have the numbers. We are the largest ethnic minority in America today, but we must be made to understand the power of the vote. The unfortunate thing about it is that the Negro, who was forced to come up under a system of slavery, was successfully brainwashed politically. Our right of ballot has been paid for in blood."

On the charge by the opposition that everybody hates him: "Nobody loves me but the people."

On his philosophy of life: "Don't get mad. Get smart!"

On strategy applied through the ballot: "You're getting powerful when you have something they both need. If you have the vote they will make a beaten path to your door."

On tact: "If you learn to handle the men, the right ones—all men for that matter—you can get what you want."

On money and politics: "I never took a penny from anybody. If you take money you become obligated. It puts you in the position of owing a favor. I've done favors for many people . . . So that always placed me in the position of being owed a favor. Those favors add up to votes."

On gambling: "If anybody is to profit out of gambling in the Negro community it should be the Negro. It is purely an economic question. I want the money my people earn to stay in the community."

On being called 'Uncle Tom': "How is it that after fighting all my life for the rights of my people, I suddenly awoken in the September of life to find myself being vilified and abused, and those who know me well and what I have stood for are accusing me of being against civil rights . . . Name calling and playing the grandstands is not the way to get things done here on Capitol Hill."

Mr. HOLIFIELD. Mr. Speaker, WILLIAM LEVI DAWSON, late chairman of the Committee on Government Operations of the House of Representatives, vice chairman of the Democratic National Committee, Representative in Congress from the First District of Illinois for 28 years and committee chairman for 20 years, was generally recognized as one of the most influential political figures in the United States in recent years. His influence in the highest councils of the Nation was enormous; his strength among the voters in his district and in his home city of Chicago was overwhelming. He dedicated his life to promoting the welfare, the strength and the dignity of his people and of his Nation, both of which he fervently loved. His career reflected his own ability and drive as well as the opportunities afforded by the American tradition.

Born in Albany, Ga., on April 26, 1886, 23 years after President Lincoln signed the Emancipation Proclamation and less than 21 years after the 13th amendment abolished slavery in the United States, WILLIAM L. DAWSON was the grandson of a slave. Fortunately, his father Levi Dawson, and his mother, Rebecca, realized the value of a good education and were determined to do all that they could to see that their children received such an education.

Working his way through school, DAWSON attended Albany, Ga., Normal School in 1905 and graduated from Fisk University, magna cum laude in 1909. With 50 cents in his pocket, he arrived in Chicago in 1912, determined to make his way and to continue his education.

In 1915, at the age of 29, he entered Kent College of Law in Chicago. Even though he was over the draft age, he interrupted his studies in 1917 to volunteer for military service. He was sent to Officers' Training School at Fort Des Moines, Iowa, where he was commissioned as a second lieutenant. Subsequently, he was promoted to first lieutenant.

In February 1918, he was assigned to Company E of the 365th Infantry and embarked for France. Immediately landing at Brest the company went to the Vosges Mountains under the command of Colonel Caldwell. After a few weeks of training behind the lines, Lieutenant Dawson's outfit engaged the Germans in the Meuse-Argonne, Marbach and Pont-à-Mousson sections.

During the campaign, Congressman Dawson was gassed and wounded.

Peace declared, the veteran returned to America in 1918 and was honorably discharged in June. He resumed his law studies at Northwestern University and enjoyed the distinction of being admitted to the bar while still a student. He began the practice of law the following year.

In 1922, he met and married Miss Nellie Brown of Washington, D.C., daughter of the late Reverend Father Thomas Brown, then rector of St. Luke's Church in that city. To that union two children were born, William L., Jr., and Barbara Anne.

After having practiced law successfully for several years, Congressman Dawson entered active politics in 1928 with an unsuccessful race for Congress. He became Republican State central committeeman for the First Congressional District of Illinois—which is the district he represented. In 1933 he was elected alderman from his ward and held the position until 1939.

During this period of national economic crisis, he came to realize that of the two parties, the policies and programs of the Democratic Party were keyed much more closely to the needs and aspirations of his people. Always a realist, the improvement of the physical well-being of his Negro constituents has constantly been a matter of major concern to the Congressman.

Having decided on the change, he became Democratic committeeman from the Second Ward in 1939, a position he held proudly. In 1942, he ran for Congress and won by less than 3,000 votes. In later elections his margin became overwhelming. In 1966, for example, he received 91,119 votes to his opponent's 34,421.

In 1948, he was elected vice chairman of the Democratic National Committee, the first Negro to hold this position, and thereafter he was very active in the national affairs of the party and in shaping party policy. He led successful campaigns to register Negro voters and to persuade Negroes to run for office. In 1948 his fundraising drive among Negroes played a key part in the Truman victory. In 1960, he seconded the nomination of the vice-presidential candidate, Lyndon B. Johnson. After the 1960 election, President-elect Kennedy announced that he had offered Congressman DAWSON an appointment as Postmaster General, but that he had decided to remain in the legislative branch of the Government.

In 1949, the House of Representatives chose Congressman DAWSON to be chairman of the Committee on Expenditures in the Executive Departments—subsequently the name was changed to Committee on Government Operations. Excluding a 2-year break in 1953-54, he held that chairmanship for 20 years.

Early in the morning of November 9, 1970, our beloved chairman passed away quietly in his sleep at the Veterans' Research Hospital in Chicago. At the age of 84, he had been ill for some time, but thankfully his last days were comfortable and he departed this life in peaceful calm.

A memorial service was held at the Progressive Baptist Church in Chicago

on November 12. Many of BILL DAWSON'S friends spoke of his achievements and of his character.

I was impressed by the central and un-falling themes that ran through the various remarks. Those were his selfless devotion to his country and to his people; the real genius of his political leadership; and the gentle but firm nature of his character.

BILL DAWSON told his friends: "Don't get mad—get smart." He taught his people in Chicago and throughout the Nation how to use the established political machinery. His efforts as Congressman and as vice chairman of the Democratic National Committee paved the way for the thousands of Negro office holders and the millions of Negro voters we have today—and paved the way for the great breakthrough in civil rights which has occurred since the Second World War.

BILL DAWSON taught his friends to love, not to hate. He told them:

I can hate no man because of his color or his race—and if anyone hates me, well, let him take it up with God, because God made me what I am.

We, his colleagues here in Congress, loved and respected BILL DAWSON as perhaps no other man. In the many years we have known him we never heard him say a harsh or mean word about any other Member; and even more remarkable, we have never heard any Member speak a harsh or mean word about him.

During his 20 years as chairman of the Committee on Government Operations and its predecessor Committee on Expenditures, he led it from a position of relative obscurity to its present status of one of the most important committees of the House. During his chairmanship two major departments were created and many reorganizations were made in the executive branch, including the creation of the present Government of the District of Columbia. All of these were under the committee's jurisdiction. The committee also has taken the lead in bringing about improvements in agency auditing and accounting systems, in the availability of Government information, in consumer protection and in the field of intergovernmental relations.

Economy and efficiency were Mr. Dawson's watchwords—and in the 90th Congress and first session of the 91st, for example, the committee brought out or contributed to saving the taxpayers over \$4 billion.

Another BILL DAWSON'S characteristics was his generosity toward younger members of the committee. Many times he designated them to chair special subcommittees or inquiries into important matters or to introduce and manage important legislation. He never used the committee for his own benefit or aggrandizement. He devoted his life and his energies to helping others—in his district, in his State, and throughout the Nation.

Mr. Speaker, I have lost a fine friend and a great colleague. I served with BILL DAWSON in Congress and on the Government Operations and its predecessor committee for 28 years. I can say without the slightest doubt that he had the

love and respect of every Member I have known. His unfailing consideration and courtesy—and his devotion to his fellow man—had no boundaries of race, religion, or party. He knew that we must all rise or fall together, and he worked to make our Nation a better place for all free men.

Mr. Speaker, I place in the RECORD one of Mr. Dawson's many profound statements. It was made on April 12, 1951, when he successfully opposed an amendment to the bill extending the draft which would have legalized racial segregation in the armed services:

THE 1951 AMENDMENTS TO THE UNIVERSAL MILITARY TRAINING AND SERVICE ACT

The House in Committee of the Whole House on the State of the Union had under consideration the bill (S. 1) to provide for the common defense and security of the United States and to permit the more effective utilization of manpower resources of the United States by authorizing universal military training and service, and for other purposes.

MR. DAWSON. Mr. Chairman, I was born in the South. I lived there all during the days of my young manhood. When World War I broke out I was above the draft age. I did not have to go, but I believed then as I believe now that it was the duty of every citizen, when the welfare of the nation in which he claims citizenship is at stake, to rally to the call and to give his life, if need be, for the preservation of that nation.

I went to war. I was commissioned WILLIAM L. DAWSON, first lieutenant of infantry. I led Americans in battle—black Americans. This mark you see here on my forehead is the result of German mustard gas. This left shoulder of mine is today a slip joint. I cannot raise this left arm any higher than the shoulder unless I lift it with the other hand. That would have been a good joint, hospitalization would have been available, if I had not been a Negro American. I served in a segregated outfit as a citizen trying to save this country. How long, how long, my conferees and gentlemen from the South, will you divide us Americans on account of color? Give me the test that you would apply to make anyone a full-fledged American, and by the living God, if it means death itself, I will pay it. But, give it to me. Why should this body go on record at a time when we are fighting a world war to brand a section of its citizenry as second class? I have sat in the well of this House and I have seen you gentlemen from the South, and rightly so, stand up and applaud members of other races, non-white races, who were darker than I am. I have seen you applaud them, yet you will take me, a citizen of the United States, of your own flesh and blood, and brand me with second-class citizenship. If there is one place in America where there should not be segregation, that place is in the armed services, among those who fight for this country. Oh, I know how some of you feel, but there is but one God and there is but one race of men all made in the image of God. I did not make myself black any more than you made yourselves white, and God did not curse me when he made me black any more than he cursed you when he made you white. I would give up this life of mine to preserve this country and every American in it, white or black. Deny to me today, if you will, all that American citizenship stands for. I will still fight to preserve our Nation knowing that someday under the Constitution of the United States all of these restrictions will be removed, and that we will move forward before the world as one people, American people, joined in a democracy which shall set the pattern for all the world.

I say to you who claim to love America, in this hour of its stress that the greatest argument the Soviet Union is using among the black peoples of this world to turn them against you is your treatment of me and Americans like me.

No; I do not believe this body means to go off on this tangent, and I believe you who come from the South, if you would look back a little bit, would never, never again take a step to handicap any one of God's children for what they are. I believe that the South is big enough for all of us to live in together in peace and in happiness if we can but have understanding; but we cannot have understanding if you array one against another because of color.

I hope you will vote for the Price amendment.

MR. DIGGS. Mr. Speaker, 16 years ago, the tower of political strength and experience known as BILL DAWSON came to Detroit at a critical point in the campaign of a young State senator who aspired to become the first black congressman from Michigan, and from a district that was 65 percent white. He renewed our confidence and quickened our steps on the road to victory.

As I stand here today, 16 years and 12 black congressmen later, I am reminded of the countless ways in which he has contributed to my own personal growth and enlightenment. He has infused my blood with his quiet strength, his vision, his pragmatism and above all, his genuine devotion to improving life for the neglected.

The era covered by his singular service has witnessed some of the most significant developments in the history of black people and BILL DAWSON has been constructively identified with many of its highlights but not always with due credit. Let me list a few: The rise of black political consciousness in the North—the pioneering of black voter education in the South—the recognition of the political rights of women—the importance of forging alliances with other groups for the common good—the decolonization of our Nation's Capital—the desegregation of our Armed Forces—the acceptance of black political talent in appointive positions at all levels—the development of black independence, and financial responsibility in the political process. These facts should be a source of pride and consolation to his grieving family and friends.

Only a tiny handful of men have influenced the implacable forces of our time. To this small circle of the truly great, BILL DAWSON belongs. Consulted by presidents, and the respected confidant of other high-ranking officials, vilified by demagogues, resistant to discouragement and disillusionment, he demonstrates to our younger rebels that age and flamboyant style are not necessarily relevant in measuring the quality of leadership, that patience with persistence, discipline with determination, temperance with toughness, and humility with honor also can be useful revolutionary tools.

For these reasons and volumes more, we pay homage to him today. Finally, however, this occasion serves more than the purpose of according "our chairman" the memorial tribute he has earned—for he has already been to the

mountaintop. It serves a further purpose—to bequeath me his legacy as the new vice chairman for minorities of the Democratic National Committee, to bequeath to his distinguished successor Ralph Metcalfe his legacy of service to the first Congressional District of Illinois and to bequeath to us all of his fathomless capacity for integrity, dedication, and faith in a system of government which despite its acknowledged imperfections, still remains the standard of the world.

Thank you, BILL. Goodby and God bless you, Mr. Chairman.

Mr. KLUCZYNSKI. Mr. Speaker, all of us are greatly saddened by the death of our friend and colleague, the late Representative WILLIAM L. DAWSON. The oldest Member of Congress, his career reflected a lifetime of service, courage, leadership, and selfless dedication.

When he was first elected in 1942, Representative DAWSON was the only Negro Member of Congress. Later, he became the first Negro to chair a committee in the House of Representatives. But WILLIAM DAWSON earned the respect and admiration of all who knew him first as a fine man and an outstanding Congressman, and only second as a member of a minority group. In 1960 he turned down the chance to become the first Negro member of the Cabinet when President-elect John F. Kennedy asked him to serve as Postmaster General, feeling he could be more effective by remaining in Congress as a committee chairman. I believe this was a superb example of the self-sacrifice and integrity which characterized his political career.

Representative DAWSON's constituents demonstrated their pride and respect for him by returning him to Congress with majorities of over 80 percent in each election. He earned it, not just by his leadership as their Representative but as a leader for all the people of this Nation. His career will stand as a shining model of patriotism and courageous leadership, as an outstanding chairman of the House Government Operations Committee, as a member of the House District Committee, and as vice chairman of the Democratic Party.

I join my colleagues in mourning the tragic loss of this great man and dedicated public servant. He will be sorely missed by those of us who knew him and worked with him, particularly the Illinois delegation, by the constituents he served so ably for so many years, by all the friends and admirers who grieved with his family during the painful months of his last, long illness. To his bereaved widow and children, Mrs. Kluczynski and I extend our heartfelt sympathy and sorrow.

Mr. GALLAGHER. Mr. Speaker, as a member of the Committee on Government Operations, I feel a special sense of loss and sadness today as the House pays richly deserved tribute to the memory of WILLIAM DAWSON. During my years of service under his inspired and gracious leadership, he never once departed from high standards of courtesy and integrity. His chairmanship of our committee was a model of evenhanded justice and openhanded generosity, especially to the younger members of the committee. Per-

sonally, I am of course very grateful to BILL DAWSON for permitting me to bring my concerns over many dehumanizing aspects of modern life into the national arena through the Special Subcommittee on Invasion of Privacy and certainly much of the wide public knowledge of these crucial issues is a direct result of his wisdom and foresight.

But, Mr. Speaker, in a far deeper sense every American has cause to be grateful to the gentleman from Illinois, the Honorable WILLIAM L. DAWSON. He was the first member of his race to assume the chairmanship of a major committee and the distinguished record of the Committee on Government Operations is a living testimony to the reality of the American dream of equality and brotherhood. It is especially relevant at this time of discord and disillusion on the part of so many of our fellow citizens to remember the career of WILLIAM DAWSON and to be instructed by it.

Mr. Speaker, America has lost a noble servant, the House has lost an effective Member, and I have lost a dear friend. BILL DAWSON will be remembered and revered by all who knew him and his courage and inspiration will bring hope to all who follow him in these Chambers.

Mr. MICHEL. Mr. Speaker, the recent passing of the Honorable WILLIAM L. DAWSON marks the third time during this 91st Congress that a member of our Illinois delegation has been taken from us. Previously we were all saddened by the death of our colleague, Dan Ronan, and of course, the death of Senator Everett M. Dirksen was a blow not only to our State but to the entire country as well.

Congressman DAWSON was a neighbor of mine in the Rayburn Building for the past 3 years but I had the privilege of knowing him and working with him for many years before that and found him to be a man of strong character, most able, conscientious and hard working—an outstanding man in all respects.

He was certainly not one of the more vocal members of this body but instead worked very quietly and efficiently for what he believed and for what he considered to be in the best interests of the country. He received his share of criticism from some quarters for his "low-key" style of fulfilling his duties as a Member of Congress but BILL DAWSON held no rancor or hatred of those who would criticize—indeed his efforts gave strength to a philosophy expressed in his own words—"to prove with effective leadership that God didn't handicap me by making me black."

What a message there is in those words for that small minority of militant young black men around the country who never seem to miss an opportunity to damn this country and all of its institutions.

To say that we regret his passing is an understatement. Our State of Illinois will miss him greatly. He came from little people. He shared their vicissitudes, their struggle. He overcame his own humble surroundings by maintaining a belief in himself and his cause. The lessons he learned from his humble background carried through later on in life and helped to prepare him for the position of

leadership in the House of Representatives which he was to achieve.

His life should stand as an example to all of the black youth of our country. His life presents a striking example of the opportunities that await those young people who have the initiative to seek and the fortitude to persevere, no matter the odds and no matter the station in life from which they rise. They should know, as did Congressman DAWSON, that the door is open to those who choose to venture.

BILL worked his way through college and then on to law school. After serving in World War I, where he was wounded, he returned to Chicago, entered politics, and in 1942 was elected to the Congress, remaining in office until his death.

I know that Mrs. Dawson and other surviving relatives and friends take great consolation in the knowledge that their loved one played a very important part during his lifetime of public service in writing the history of our great country.

I shall miss him very much and extend to his family the profound sympathy of Mrs. Michel and myself in their great loss and sorrow.

Mrs. DWYER. Mr. Speaker, in adding my voice to the many who pay tribute to our distinguished colleague, WILLIAM LEVI DAWSON, I also mourn the loss of an old and valued friend. For almost 14 years I served with him on the Committee on Government Operations. During that entire period he was chairman of the committee and since 1965 I have been the ranking minority member.

From the very beginning I was impressed by the gentle dignity and grace with which he presided over our convocations—a dignity and a grace which I came to realize were but manifestations of an inner faith and strength that freed him from the shackles of doubt and insecurity. He was calm because he felt no need to justify his relevancy. Knowing that there was much to be done, he reached for power only to serve more effectively. Having realized it, he exercised it with such absence of ostentation that the full dimensions of his effectiveness may never be known.

If he appeared to be above the battle, it was because he fought without heeding the wounds. He knew discrimination but there was no evidence of any bitter residue in his heart. He had a keen sense of responsibility not only to his own people, but to the committee, to the Congress, and, indeed to all Americans. While I have observed that he was preeminently loyal to his own commitments, I have also observed that, in the realm of politics, where he served as a member of the majority, that the breadth of his awareness was such that it took into account the minority as well—its point of view, its needs, and its obligations to the people it represents. Mine will always be a proud and warm memory of achievements shared with him.

But it is the personal separation, the absence of a friend, that I shall feel most keenly. Our association was the sum total of many personal encounters, each one invested with dignity, mutual respect, good intentions, and good faith. He always showed my preferences and requests great consideration and fulfilled

them when he could. The fairness and kindness he always showed me will never be forgotten and I am sure that I speak for all of the minority members of the committee when I say that the personal component of our relationship with our late chairman has been a cherished experience for us all.

Mr. Speaker, to Mr. DAWSON's widow, Mrs. Nellie Brown Dawson, his son, William Levi, and his daughter, Barbara Ann, I extend my sympathy as one of his many friends who share with them a deep sense of loss.

Mr. BROOKS. Mr. Speaker, by the noblest standards of any age, WILLIAM L. DAWSON truly met the tests of his time. A gallant and gracious man, he dedicated his life to the service of people—all the people of this Nation, and freedom-loving people everywhere.

For those who had the honor to know him personally, his passing is an even greater loss. He was a delicate blend of power, strength, gentleness, and compassion that brought warmth and encouragement to those about him.

"BILL" DAWSON was a real fighter, a man of tremendous energies. On many crucial and controversial issues, he worked quietly without the fanfare of personal publicity and often without any credit, but with extreme effectiveness in seeking solutions reflecting the best interests of this Nation.

From the time I entered Congress some 18 years ago, I had the pleasure of serving with him on the Government Operations Committee. His service as chairman of this important committee will stand as a landmark of fairness and understanding to the Members who served with him.

He was my friend. And, I join with others who knew him and with the Nation generally in mourning his death.

Mr. FINDLEY. Mr. Speaker, it is with sadness that I join my colleagues in mourning the death of WILLIAM DAWSON.

I had the opportunity to serve on the Government Operations Committee for the past 2 years, and to view first hand the accomplishments and contributions which can be attributed to WILLIAM DAWSON's chairmanship of that committee since his being named to the position in 1949. Although the past few years have found him in ill health, the foundation of leadership he established has served as an inspiration for the many important proposals which have been reported by that committee in the 91st Congress.

Although offered a Cabinet post by the late President Kennedy, Mr. DAWSON preferred instead to remain in the House to continue to represent the people of the First District of Illinois. During his 28-year tenure in the Congress, he served his State and Nation well. I admired his forthrightness and integrity in following through on his decision to get the job done, whatever the task may be. This I am sure was due to his long struggle which took him from humble beginnings as the grandson of a slave, to graduating magna cum laude from Fisk University, and the ultimate honor of chairmanship of a powerful House committee.

BILL DAWSON will be very much missed by his colleagues, and my heartfelt sympathy is extended to his family in their loss.

Mr. JONES of Alabama. I join with my colleagues in paying tribute to Hon. WILLIAM L. DAWSON.

As a member of the House Government Operations Committee of which he was chairman, I knew of his interest and concern for the problems of water pollution and improvement of the quality of life in all parts of the Nation. He was always anxious to support meaningful efforts which held promise for advance, great or small.

Chairman DAWSON had a keen appreciation for economy and efficiency in Government and he inspired and led his committee's examination and exposure of ineffective practices regardless of which party occupies the Executive Office.

His long record of service and the overwhelming majorities by which he was returned term after term testify to the considerable and detailed attention he paid to his constituents and their problems. Yet, he was never parochial in his view of great national problems which came to him for a decision.

He served his country with unusual distinction through his endeavors in this House.

He achieved great heights in his devoted efforts for betterment of his area, his country, and his fellow man.

His wife and family have my sincere sympathy in their great loss.

Mr. FASCELL. Mr. Speaker, I consider it a privilege to honor the memory of our distinguished colleague and committee chairman, WILLIAM DAWSON. His outstanding contributions to our Nation were not confined to more than a quarter century of service in this Chamber; rather, WILLIAM DAWSON's whole life stands forever as a monument to dedication, integrity, and leadership.

This quietly effective man overcame obstacles which would have conquered lesser men. Espousing moderation when others cried for revenge, he once remarked:

The Negro is the best politician. He has seen and felt too much to be fooled.

From the frontlines of Europe in World War I to the second ward and city council of the great city of Chicago, WILLIAM DAWSON exhibited gifted leadership all too rarely seen in these critical times.

Those members who were privileged to serve on the Government Operations Committee under his chairmanship will particularly miss the benefit of his expertise and counsel. I know how much his leadership has meant to me over the past 16 years as a member of his committee. The simple dignity of this religious man impressed us all. We were lucky to have him with us.

WILLIAM DAWSON became a confidant of Presidents, but never lost the view from the city streets. He was respected in this Chamber as few have been before him for his honesty and courage. We cannot replace him but his example of leadership and achievement will honor his memory by inspiring millions.

Mr. Speaker, I join with our colleagues

in mourning the passing of this able man, this trusted friend. And to Congressman DAWSON's family I express my deepest sympathy.

Mr. ROSTENKOWSKI. Mr. Speaker, the passing away of BILL DAWSON is a tremendous loss, not only to the people of the district he so devotedly served, but to the country as a whole. Very few men have contributed so much in their lifetime as to have truly changed our times; but, BILL DAWSON was one such man.

I could mention the many "firsts" that BILL DAWSON achieved in the 28 years that he served in this body, but they are known to us all. In fact, they are really not that important to me because I know that they never really concerned BILL that much. BILL's "first" was being a man. And, that he always was—a good man—a good, strong man. It is sad that more people did not have the opportunity to really get to know BILL DAWSON. For, underneath that quiet facade, was a complex and determined, yet thoughtful, man, who constantly strove to move ahead. He worked hard for his people and he served them well.

I am glad that I had the chance to get close to the real BILL DAWSON, to get to know the man, to get to know his hopes and his dreams. I only wish that in carrying on the work of this man, we can be half as dedicated and half as determined as he was. For, if we are, we will accomplish a great deal.

The man's final rites were indeed a tribute to the way he had lived. BILL DAWSON was laid to rest in a ceremony truly fitting of the man. It was humble, yet proud. It was simple, yet powerful. Its participants were from all walks of life, yet all were united by the strength of friendship. Friendship with a man whose actions had truly defined the meaning of the word. At this service, John H. Sengstacke, editor of the Chicago Daily Defender, delivered a very moving eulogy to his friend, BILL DAWSON. I would like to insert his words here, at the end of my remarks, for I feel that they go far toward expressing what a lot of us feel today:

REMARKS BY JOHN H. SENGSTACKE

I would rather have remained silent on this sad occasion and mourn quietly the loss of a great and true friend. For sorrows are often better borne in personal silence than in the emotional outburst of the spoken word. But there are duties higher than personal inclinations. And I humbly bow to the requirement of this moment.

This is one of the saddest moments in my life. Congressman Dawson was my friend when I needed one. I shall never forget during my fight for control of the Defender in the early forties when I had to leave the city on a crucial matter, Bill Dawson insisted that I go and agreed to stay in my office all night until I returned the next morning. This he did.

I suppose many of you here could give similar testimony. There is no doubting the fact that as Representative of the First Congressional District, William L. Dawson did more good, more favors for more people than any other man that I know in public life.

He went beyond the boundaries of his constituency, outside the geography of his district and ward to help those who came to him when the burden was too heavy for them to bear alone. It is inspiring to know that

politics can produce public servants such as he proved himself to be. I am saying something that most of you already know that William Dawson had a great soul. He served this community beyond appraisal. No one was ever too small, too poor for him to see, to talk with and to help in distress. And though he had reached the pinnacle of power in a job where brickbats usually outnumber thanks, he never lost the common touch. He had the humility of an Old Testament prophet and held steadfastly to those simple yet fundamental Christian virtues of Love, Faith and Charity. He had deep religious convictions which kept him cheerful through stress and storm. He believed that the American people possessed the enduring qualities that transmute darkness into light, despair into hope, sorrow into joy. He did not believe that we are at the bedside of a nation in death agony.

Twenty-eight years is a long time to serve in Congress. But as the shadows lengthened over his years, Dawson's confidence, his hopes and dreams were undimmed. The confidence he had was—that with advancing knowledge, toil will grow less exacting; that fear, hatred, pain and tears may subside.

Allow me this observation: We live in a world that often distorts truth; a world whose memory is inordinately short. Thus, it is that men and women after having rendered their services to humanity and civilization are often quickly forgotten.

Congressman Dawson's life and work won him a place in American history that will stand for all time.

Mr. MIKVA. Mr. Speaker, BILL DAWSON was never known as an oppressive man; he was never considered overbearing. Recently, his voice was not one of the loudest on the floor of the House. Yet, with the passing of BILL DAWSON, one of the institutions of this body and a dedicated fighter for his people is gone.

Though by today's standards he was not considered a militant, what never should be forgotten is that BILL DAWSON was an outspoken voice in the House when he arrived in Washington as the only black Representative in 1942. In what may have been his finest hours in public life, in 1942 he actively opposed the poll tax and during the Korean war, openly pointed to the necessity of integration in the Armed Forces.

Usually preferring to operate on a personal level, BILL often said that his mission was to win friends for his race and understanding for black grievances. His political philosophy was one geared to enable him to rise within the American political system, for he believed that blacks would pull themselves up in American society only after they became politically powerful. His life exemplified this belief. He was a man who worked within this system of Government and rose to be one of the controlling forces in it.

In Chicago, where he easily won reelection to each of his 14 terms, he fought to open more job opportunities for blacks and won more recognition for blacks within the Chicago Democratic Party. The door to his district office was always open to any who needed help—the same people who for years had been disregarded. There are more black judges, legislators, and other officials because of BILL DAWSON's efforts.

To the people in his district and State of Illinois, his loss is a great one, for he was a dedicated public servant who

did all he could to solve the most important domestic problem facing us all.

Mr. ANNUNZIO. Mr. Speaker, the death of Congressman DAWSON has brought great sadness and a sense of loss to all of us. His colleagues on the Illinois delegation; his constituents, whose loyalty returned him to Congress with 80 percent majorities in each election since the first in 1942; his friends and admirers in Washington and in Illinois; those of us who knew him and worked with him here in the House of Representatives—all of us will miss him greatly. The passing of someone with whom you have worked and shared the burdens and sense of accomplishment of daily legislative endeavor toward common goals always comes as a tragic shock, and I think this is especially so in the case of our late friend, WILLIAM DAWSON.

BILL's life stands as a stirring testimony to the fulfillment of America's promise to all our citizens, rich and poor, from every race and creed and walk of life. He worked his way through college and law school, never losing sight of his true goal.

He used to say:

I wanted to prove through effective leadership that God didn't handicap me by making me black.

Few men have held with such dedication to a lifelong purpose. His success is measured in the respect, admiration, loyalty, and affection of all who knew him, and the outstanding contribution he made during his life as a public servant toward community leadership, constructive legislation, and better understanding and communication between the races.

BILL served in the Congress of the United States for 13 terms and was a member of the House District Committee as well as chairman of the powerful Government Operations Committee. During his distinguished career, he had served as Illinois State Central Committeeman, alderman, and committeeman of the second ward, secretary of the Democratic Congressional Committee, vice chairman of the Democratic National Committee, and vice chairman of the Cook County Central Committee.

It is a profound loss to our country when a fine man and an outstanding public servant like WILLIAM DAWSON passes away. But in his lifetime he set an example of devotion to public service and leadership which inspired those around him to finer efforts and others, perhaps, to follow in his path. Our country can truly take pride in the kind of citizenship that he demonstrated, for it was in the tradition that has made this the greatest nation in the world.

We remember BILL as a man of quiet dignity and granite integrity—a man respected and loved by all who knew him. He moved among us as one with whom we could always communicate, even as he championed the cause of the victims of poverty, ignorance, and injustice. By his example he gave new dignity and fresh hope to millions of our fellow Americans, black and white alike. To some degree, our whole Nation and people will remember and take heart from the message of his life.

Mrs. Annunzio joins me in extending to his widow, Mrs. Nellie B. Dawson, his daughter, Mrs. Barbara Morgan, and his son, William L. Dawson, Jr., our personal and deepest sympathies on the loss of their beloved husband and father.

Mr. SHIPLEY. Mr. Speaker, I join my colleagues in paying tribute to our departed colleague, the late Honorable WILLIAM L. DAWSON.

WILLIAM DAWSON was an able, articulate, and dedicated public servant. He served this House, the people of Illinois, and the Nation honorably and he will be missed by all of us who knew and worked with him.

WILLIAM DAWSON was a distinguished and capable legislator and a great American. His faith in the ideals upon which this country is based was always evident by his word and deed. We are all appreciative of the fine contribution he made to the development and preservation of America.

I extend my deepest sympathy to his family.

Mr. FRIEDEL. Mr. Speaker, I rise to join in the tribute we pay to our beloved and distinguished colleague, the late WILLIAM L. DAWSON, who passed away on November 9, 1970.

Our late colleague, who so ably served his Illinois district, and our Nation, made himself admired by all who had the privilege to know him. He was truly a great and good man and one who could very well be a model for his race. Democrats, Republicans, white and black—all acknowledged his ability and dedication to what is best for our Nation. To him, the fact that he was a Negro was merely incidental to that he was a man, an interested citizen, a law-trained professional, a patriot who saw active combat duty as a soldier, a lawgiver, and a genuinely distinguished Member of the Congress of the United States for almost 28 years. At the time of his passing, he was chairman of the important Government Operations Committee of the House of Representatives and a member of the House District Committee.

In recognition of the many talents he possessed and as an acknowledgment of his outstanding ability, President-elect John F. Kennedy asked him to become a member of the Cabinet and fill the Office of Postmaster General in 1960. He, however, declined this tempting offer and decided to forgo that great honor and remain in the Congress, where he felt he could serve his constituents, State, and Nation better. Because of his innate qualities of leadership, he was made vice chairman of the Democratic Party.

To the approximately 13 million, or about 11 percent of our fellow American citizens who are black, I can say they never had a more fit or proper representative of their race to be a Member of the Congress. They have reason to be proud, as we have been, to be privileged to have a true gentleman—the late WILLIAM L. DAWSON to be our beloved colleague.

We shall always remember him and cherish his memory for throughout his career, he maintained that his aim was "to prove with effective leadership that God did not handicap me by making me black." We shall miss him very much.

I join you, Mr. Speaker, and our colleagues in extending our heartfelt sympathy to his grieving family and devoted friends.

Mr. REID of New York. Mr. Speaker, I join my colleagues in expressing my deep sorrow at the passing of the distinguished chairman of the Government Operations Committee, the Honorable WILLIAM DAWSON. Chairman DAWSON took an unflinching interest in the committee and in all its members, on both sides of the aisle. His courtesy and thoughtfulness to all his colleagues and his close working relationship with the White House over the years will be long remembered by those of us who were privileged to serve with him. Chairman DAWSON's friendly smile brightened many a day, and the constituents he represented so faithfully have lost a staunch friend.

Mrs. Reid joins me in extending our sympathy to Mrs. Dawson and the family.

Mr. HORTON. Mr. Speaker, throughout his life, WILLIAM DAWSON shunned the easy way. As a young man, he worked as a bellboy in order to attend Fisk University. In 1912, when black Americans rarely considered professional occupations, he was studying law at Chicago-Kent and Northwestern. He served in Europe in World War I and was wounded. And then, he returned to Chicago to work for the betterment of his community. He began working full time for the people in 1939, first as a city committeeman and then, in 1942, as Congressman from the First District of Illinois. Over 30 years of service to the people is an impressive record.

I want to assert that Congressman DAWSON was as true a representative of all his constituents, black and white, and as effective a representative as Congress has to offer.

During his tenure of service, BILL became the first black chairman of a congressional committee. He rejected the opportunity to become the first black cabinet member, saying that he could be more effective in Congress.

I served closely with BILL DAWSON for years—as a member of the Government Operations Committee under his chairmanship, on the District of Columbia Committee where we both served, and in the full House. Through his years in Congress, BILL fought for his humanitarian ideals—for the abolition of the poll tax, against racially separate facilities, for progressive legislation for the needy all over the United States. He worked relentlessly for improvements of all types in the District of Columbia and throughout the country.

He believed, however, as all true representatives must, that his first duty was to Chicago—to the people who consistently chose him to represent their views in Washington. He felt that color was neither a barrier nor an aid. He was primarily a Congressman, and a good one.

I will personally miss BILL DAWSON, as I am sure all of my colleagues in the House will. We knew that he would not be with us for the 92d Congress, at his own wish, but such a man would be an asset to the country in any endeavor. My sincerest sympathy is extended especial-

ly to his wife, Nellie; his son and daughter; and all of his constituents and friends in Chicago.

BILL was an outstanding Congressman and an even better man, and he will not be forgotten. It was my privilege and honor to have served with him in the Congress.

Mr. CRANE. Mr. Speaker, with the death of Congressman WILLIAM L. DAWSON the sun sets on a man whose life was highlighted by great personal achievement. WILLIAM L. DAWSON, who served 14 terms in Congress, has had many tributes paid him both in life and in death. Adding my voice to these many, I feel that his life stands as an affirmation of the worth of the time-honored American principle of freedom, which permits a man through his own industry to direct his life toward the heights he chooses.

A native Georgian, born in poverty, WILLIAM L. DAWSON rose to a position of leadership in the House of Representatives, and at the time of his death he was one of the most powerful Negro political leaders in the country. WILLIAM L. DAWSON attained prominence through his diligent toil. As a young man he worked as a railroad waiter. Valuing education, he attended Fisk University, graduating magna cum laude.

Although WILLIAM L. DAWSON gained salience within the ranks of the Democratic Party, he began his political career in Chicago in the party of Lincoln. Therefore, I feel it is fitting to pay tribute to our departed colleague by recalling the words of Abraham Lincoln on the death of another great man:

His labor, his name, his memory and example, are all that is left us—his example, verifying the great truth, that "he that humbleth himself, shall be exalted" teaching, that to serve one's country with a singleness of purpose, gives assurance of that country's gratitude, secures its best honors, and makes "a dying bed, soft as downy pillows are."

Mr. YATES. Mr. Speaker, I join my colleagues in mourning the death of my friend, Congressman WILLIAM L. DAWSON. He was an able Congressman, one who carried the respect and affection of every Member of the House. A friend of Presidents, he nevertheless retained his common touch. He was particularly close to Harry S. Truman for whose candidacy in 1948 he travelled the length and breadth of this country. President Truman acknowledged that BILL DAWSON's efforts were a key factor in his victory.

I remember especially his eloquence, his great ability to inspire and move his audiences. There have been many speeches in this House of Representatives by the greatest men of our time, but none was greater nor more meaningful than the one made by Congressman DAWSON in April 1951. He spoke only a few minutes but he shook the House. I described that unforgettable moment in a newsletter I wrote to my constituents at the time. This is what I wrote:

LETTER No. 78

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 14, 1951.

DEAR FRIEND: For sheer drama and deep emotional impact, there have been few moments in the House of Representatives to compare with that created by the speech

made last Wednesday by Congressman WILLIAM L. DAWSON of Chicago. The House had been debating the new Selective Service and UMT bill for over a week and had reached for consideration the provision sponsored by Congressman Winstead, of Mississippi, to give all inductees the right to decide, on the basis of race, in which unit of the armed service they wished to serve. Congressman Melvin Price, of Illinois, had submitted an amendment to strike the Winstead provision from the bill and there had been much debate on it when Dawson asked for recognition and was given the floor. Dawson, who is the first Negro to be chairman of a major legislative committee of the House of Representatives, walked slowly to the microphone and began to speak very gently:

"Mr. Chairman, I was born in the South. I lived there all during the days of my young manhood. When World War I broke out I was above the draft age. I did not have to go, but I believed then as I believe now that it was the duty of every citizen, when the welfare of the nation in which he claims citizenship is at stake, to rally to the call and to give his life, if need be, for the preservation of that nation.

"I went to war. I was commissioned WILLIAM L. Dawson, first lieutenant of infantry. I led Americans in battle—black Americans. This mark you see here on my forehead is the result of German mustard gas. This left shoulder of mine is today a slip joint. I cannot raise this left arm any higher than the shoulder unless I lift it with the other hand. That would have been a good joint, hospitalization would have been available, if I had not been a Negro American. I served in a segregated outfit as a citizen trying to save this country. How long, how long, my conferees and gentlemen from the South, will you divide us Americans on account of color? Give me the test that you would apply to make anyone a full-fledged American, and by the living God, if it means death itself, I will pay it. But, give it to me. Why should this body go on record at a time when we are fighting a world war to brand a section of its citizenry as second class?

"I have sat in the well of this House, and I have seen you gentlemen from the South, and rightly so, stand up and applaud members of other races, nonwhite races, who were darker than I am. I have seen you applaud them, yet you will take me, a citizen of the United States, of your own flesh and blood, and brand me with second-class citizenship. If there is one place in America where there should not be segregation, that place is in the armed services, among those who fight for this country. Oh, I know how some of you feel, but there is but one God and there is but one race of men all made in the image of God. I did not make myself black any more than you made yourselves white, and God did not curse me when He made me black any more than He cursed you when He made you white. I would give up this life of mine to preserve this country and every American in it, white or black. Deny to me today, if you will, all that American citizenship stands for, I will still fight to preserve our Nation knowing that someday under the Constitution of the United States all of these restrictions will be removed, and that we will move forward before the world as one people, American people, joined in a democracy which shall set the pattern for all the world.

"I say to you who claim to love America, in this hour of its stress that the greatest argument the Soviet Union is using among the black peoples of this world to turn them against you is your treatment of me and Americans like me.

"No, I do not believe this body means to go off on this tangent, and I believe you who come from the South, if you would look back a little bit, would never, never again take a step to handicap any one of God's children for what they are. I believe that the South

is big enough for all of us to live in together in peace and in happiness if we can but have understanding; but we cannot have understanding if you array one against another because of color."

The impression made by the speech was electrifying. Only the representatives from the deep South refused to support the Price amendment and it carried by a large majority.

Sincerely,

SIDNEY R. YATES,
Member of Congress.

Congressman WILLIAM L. DAWSON was a unique individual, possessing many talents and capabilities. He made his mark in Congress and in history, a mark that will not be erased.

Mr. GRAY. Mr. Speaker, when we rise to pay tribute to a man who has given so much to his country and community, it is indeed difficult to express in detail our feelings.

Sixteen years ago, when I first came to Congress, I found BILL DAWSON to be a real source of strength to me as a freshman Congressman. His direct, no-nonsense approach to Government and problems impressed me indelibly. Through the ensuing years, I developed a friendship and admiration for BILL DAWSON which will remain with me all my life.

When I traveled to Chicago for the funeral services for my dear friend, I heard over and over again eulogies from people of all walks of life that made me even more proud to have known and been associated with BILL DAWSON. From precinct workers to Presidents, BILL DAWSON was loved and respected by all who knew him. His service as chairman of the House Committee on Government Operations was a great indication of how a man can rise from a poverty level in Georgia to become a great national leader.

Although BILL had reached the age of sunset in one's life, his services to his country will be sorely missed and I shall miss him personally.

I want to join my colleagues in the Illinois delegation and other Members of Congress in expressing deepest sympathy to the members of the Dawson family.

Mr. ERLBORN. Mr. Speaker, when I came to Congress, 6 years ago, I was assigned to the Government Operations Committee, even though I asked for a different committee assignment. I was disappointed at the time, but my disappointment did not last for long.

From the beginning, I was treated courteously and well by Chairman WILLIAM DAWSON. I was impressed by the dignity of his demeanor and by the efficiency of the staff people with whom he had surrounded himself. I observed that he had an ability to get things done without fanfare and without bruising the feelings of his opposition.

There was a civility, a courtliness, a gentlemanliness about BILL DAWSON which made him an extraordinary man. I extend my condolences to his family. He will be missed in public as well as in private life.

Mr. MURPHY of Illinois. Mr. Speaker, I want to join with my colleagues in paying my respects to the late WILLIAM LEVI DAWSON, who represented the First District of Illinois in the U.S. House of Representatives since 1943.

It was with much sadness that I learned of his passing inasmuch as we were intimate friends, having served together in the Chicago City Council as well as the U.S. House of Representatives. We also served together as members of the Cook County Democratic Central Committee for many years and as delegates to Democratic National Conventions.

Mr. DAWSON compiled an outstanding record in Congress as the chairman for many years of the House Government Operations Committee, one of the most important committees in the House. The city of Chicago, the State of Illinois, and the Nation have suffered a great loss by the death of this great American.

Mrs. Murphy joins me in extending condolences to his family in their hour of grief.

Mr. ANDERSON of California. Mr. Speaker, while the people of the First District of Illinois have lost an able Representative, the people of the United States have lost an effective leader and statesman.

WILLIAM L. DAWSON, who passed away November 9, began his service to his country during World War I as an officer in the 365th Infantry. His concern for the rights of individuals led him to seek public office and in 1942 he was elected to the House of Representatives, where he served until his death.

I was fortunate to know Congressman DAWSON as a leader in the Democratic Party and as a leader in the House of Representatives. I first met him in the early 1950's when he came to California as the vice chairman of the Democratic National Committee. At the time, I was the State chairman of the California Democratic Committee and it was my privilege to introduce Congressman DAWSON to our fine State and to its people. I was impressed by his warmth, his integrity, and his empathy for his fellow man. Coming to Congress in January 1969, I was pleased—but not surprised—to find that his colleagues, who had worked alongside of him for many years, held him in such great esteem and respect.

WILLIAM DAWSON was a credit to his country, to the U.S. Congress, and to his family. He will be missed, and his legacy will remain with us for many years.

Mr. COLLIER. Mr. Speaker, I want to join my fellow members in paying tribute to the memory of our late colleague, WILLIAM L. DAWSON, who served in this body for almost three decades. During these years of war and peace, he rose to a position of leadership as chairman of the Committee on Government Operations.

He represented his city, State, and Nation with great distinction in the Congress of the United States, just as he had previously served his country as a soldier during the First World War. Though he was privileged to participate in the counsels of the mighty, he never lost the common touch.

Mr. Speaker, I had the deepest respect for Congressman DAWSON as an outstanding American and consider it a great privilege to have been able to serve with him in the House of Representatives.

Mr. DERWINSKI. Mr. Speaker, although there is little more that can be said or that I can add to the comments here today by other Members, I wish to join in the tributes being paid to our late colleague, BILL DAWSON.

He was a man who was thoroughly dedicated to serving his people and was motivated by a totally sincere interest in the welfare of his constituents.

As he neared retirement, BILL DAWSON looked back at a tremendously effective career during which he established a well-deserved reputation for legislative effectiveness, political leadership but most of all, true service to his fellow man. We who served with him as friends and colleagues appreciated his personality and depth of character.

Unfortunately, BILL DAWSON did not have the opportunity to enjoy retirement but he did live a full and effective life.

Mrs. Derwinski joins me in extending our deepest sympathy to his wife, Nellie, their son and daughter.

Mr. ZABLOCKI. Mr. Speaker, I wish to join my colleagues in expressing sorrow at the death of Representative WILLIAM DAWSON. His passing on November 9 was a sad loss, not only for his family but also for the constituents, community, and country he served so faithfully.

It was my privilege to serve with BILL DAWSON these many years in the House. He was the kind of man whose dedication to his country was of primary concern to him. His untiring service to his district will always be remembered.

Congressman DAWSON was an industrious man, always eager to confront a problem and work tirelessly until it was solved. His work as chairman of the Government Operations Committee stands as a tribute to his able leadership and selfless dedication to this Nation.

Guiding him in all his efforts was the welfare of his constituents, the security of his country, and the happiness of his family. With his passing each of us has lost a friend and an able colleague. We mourn his death and extend our heartfelt sympathies to his family, constituents, and friends.

Mr. REUSS. Mr. Speaker, our former colleague, the late WILLIAM LEVI DAWSON, was a man whose career in the service of his country was marked by uncommon achievement.

As the Representative from Illinois' First Congressional District, Mr. DAWSON served longer in the House than any other black Representative—28 years.

During his nearly three decades in Washington, Mr. DAWSON rose to the chairmanship of the House Committee on Government Operations, a post he filled for 21 years. He was the first Negro chairman of a major congressional committee.

Mr. DAWSON was born in Albany, Ga., in 1886—the grandson of a slave. He graduated from Fiske University in Nashville, Tenn., magna cum laude, in 1909.

After winning a first lieutenant's commission in World War I, Mr. DAWSON entered politics in Chicago, and entered the House at the beginning of the 78th Congress in 1943.

All of us who have served with the late WILLIAM LEVI DAWSON are richer for

the experience. His personal kindness, his dedication, his patriotism I shall always remember.

Mr. Speaker, I am honored to pay tribute to WILLIAM LEVI DAWSON. We shall all sorely miss our former colleague.

Mr. BROWN of Ohio. Mr. Speaker, I first had the opportunity to meet Mr. Dawson in my family home in Blanchester, Ohio, where he came for the funeral in 1965 of his good friend and colleague and my father and predecessor in the Congress. Our next meeting was in Washington following my own election to Congress a few months later when I was assigned to the Committee on Government Operations which he chaired.

I learned then that Mr. Dawson had made the trip to Ohio for his friend's funeral in spite of his own discomfort as a result of ill health but that he did so out of fondness and respect. My predecessor had been the ranking Republican on the Government Operations Committee for much of the time that Mr. Dawson served as its chairman and they were good friends, respectful adversaries and collaborating colleagues at one and the same time. Together they accomplished much through that distinguished committee for the good of the American system of government and the taxpayers who support it.

My own service with Mr. Dawson—and he was always that to me—was a pleasant and rewarding experience. While age and illness had dimmed the strength that had brought the greatness to flower, the ability, the integrity, the graciousness, and the honesty was still there. It was those fine qualities and many others which had won him the respect and affection of colleagues and constituents, advocates, and adversaries, and people of all political persuasions, races, and stations.

His contribution was great in many arenas, but in none more than in the progress of his race in the political and economic processes of our Nation. This leadership and his other fine qualities were the subject of the funeral I was privileged to attend for this outstanding public servant.

He was a Moses who took the rod and led his people out of Egypt. He gave them precept and brought them to the mountain overlooking Canaan. He showed them the way.

In the moving funeral services for our late, beloved colleague, WILLIAM L. DAWSON, one knew in head and heart that the text which the inspired eulogist, Rev. Corneal A. Davis, took from IV Exodus, 17, was the right one. There the Lord said to Moses:

And you shall take in your hand this rod, with which you shall do the signs.

What was this rod in the hand of BILL DAWSON? It was the mighty power and authority of the spirit, governed by a multitude of divine virtues. It can be perceived through the words of those who came that sorrowful November 12 to the Progressive Baptist Church in Chicago and delivered, with their fond farewells, a testimony to his goodness and greatness. Hear a few of these words now:

Bill shall always be remembered in the halls of Congress, in the City Council, and

in our Democratic organization as a great leader. His was a greatness embraced in people. He loved people and he led in the positive constructive program for his people. (Mayor Richard J. Daley)

He blazed a trail for others. He set the tone of his Congressional Committee. With ability, unfailing courtesy, kindness, and nobility of character, he had the respect and friendship of every Member. He did not raise his voice in anger or bitterness and spoke no unkind words toward his colleagues—and this was reciprocated. He was the confidant and friend of Presidents. As the poet said, "He walked with kings, but never lost the common touch." (Chet Hollifield, M.C.)

He was a tower of political experience and strength. He brought black political consciousness to the Nation. He had patience with persistence, temperance with toughness, humility with honor. He was imbued with fathomless capacity, integrity, dedication, and faith. It was also a faith in the Government which, despite its imperfections, still remains the standard of the world. (Charles Diggs, Jr., M.C.)

There never was any fanfare. He was unassuming, practical, and realistic. He viewed part of something as better than all of nothing. He opened the door to Negro women. (Judge Edith Simpson)

He had a great soul. He did more good, more favors, for more people than any man I know. It is inspiring that politics could produce public servants like him. He had the humility of an Old Testament prophet and held fast to the fundamental virtues. He had faith. He did not believe we were at the bedside of a Nation in death agony. His life and work won him a place in American history that will stand for all time. (John H. Sengstackle, Publisher, Chicago Daily Defender)

He did not clamor for headlines, but black men can step proudly and speak loudly in the North and in the South because of him. He showed that the system can allow opportunity to all. We have received a new thrust of patriotism for his sake. (Denton Brooks, Jr., Director, Human Resources, Chicago)

He was a Moses in the black political arena. His greatest virtue was his selflessness. He was proud to be black. He dedicated himself to showing the way to get for black people what they were entitled to. He said we must do it through politics. He was an inspiration to the blacks in the South. He was a man of God and believed God put each of us here for a purpose. In the few spare moments he found for himself, it was often the Bible that he took into his hands. Like the hymn he loved, he urged us to "Walk Together, Children, and Don't Get Weary." (William H. Harvey, Cook County Commissioner)

Some may have thought him too retiring and humble. But, once having reached a decision, he would follow through to the end without fear or favor. None surpassed him in the test for true greatness, which is measured by the question "How does he regard others less fortunate than himself?" What made him great in politics was his readiness to serve. He had brains, ability and a dogged determination. This passed to his precinct captains with his call: "But bring in that precinct." He was the greatest, the fairest political leader this race of mine has yet produced. We would ask of him only this, "Point out the way and then get out of the way." (Fred Jefferson Smith, State Senator)

He had rules. He knew that politics was a business. He said, "If you render service 365 days a year, they'll be with you at the time." "Keep your commitment," he said, "and stick together. There'll be a great camp meeting in the Promised Land." (William F. Fitzgerald, Precinct Captain)

He was an architect who could draft and an engineer who could execute. His head and

shoulders were in the clouds, but his feet were implanted on the ground of the people. Even in his last days, he conceived and talked about one more great project. His passing is the close of an era. The world is better for this: That one man covered with scars still strove to reach the unreachable stars. (Reverend Archibald James Carey, Jr.)

In him were honesty, charm, unlimited energy. And great was the loyalty he evoked. (Reverend Trudie Trimm)

A good man's steps are ordered by the Lord. His faith and the healing power of the divine spirit did indeed see him through in time of desperate illness. And so he could say to us all "Keep on keeping on!" (Reverend Clarence H. Cobbs)

He used the ways of God. After a meeting of the political organization, some would say: "I feel like I've been to church." Like Moses, he took the rod. He began to succeed and he called out, in the name of the Lord, "Let my people go." He had a deep religious philosophy. He loved his fellow man. "If any man hates me," he would say, "Let him take it up with the Lord." He set the pace. He got his people on the voter registration books. Yes, he set the pace and today nearly 1,800 black officials hold elected public office. (Reverend Corneal A. Davis)

Let us take the ribbons from the center pews. Let all who are here, the young as well as the old, come and be seated anywhere. In his lifetime all were dignitaries. There was no separation. He gave a heritage to his people. There can be no greater gift, for a race without heritage is a race without hope. (Reverend Frederick P. Walls, Presiding Minister)

And so these words of tribute flowed from the emotions and the intellect of the speakers. Each was powerful and eloquent in his own way. And underscoring it all was the great soul of Miss Mahalia Jackson in the exalted art of her hymn, "You Have To Walk That Lonely Path by Yourself."

To what these people have said let the words of Paul Lawrence Dunbar, whom he loved, be added:

When all is done, and my last word is said,
And ye who loved me murmur, "He is dead,"
Let no one weep for fear that I should know,
And sorrow too that ye should sorrow so.

When all is done, say not my day is o'er,
And that thro' night I seek a dimmer shore:
Say rather that my morn has just begun,—
I greet the dawn and not a setting sun,
When all is done.

Mr. DULSKI. Mr. Speaker, I join my colleagues in expressing my deep sorrow at the passing of a gentleman and friend, WILLIAM L. DAWSON.

BILL DAWSON was a distinguished and respected Member of this body, serving well his Nation, his city, and his State over the years. For nearly 18 years he capably chaired the Committee on Government Operations, the first member of his race to become chairman of a House committee.

A college graduate with honors, BILL DAWSON first was elected to Congress in 1942 early in World War II—and rapidly gained the esteem and respect of his colleagues.

His love was this House—he turned down an offer by the late President John F. Kennedy to become the first member of his race to be named to a President's Cabinet. He also had the distinction of being the first of his race to become vice chairman of the Democratic National Committee.

BILL DAWSON was a man of vision—one who saw and believed that there is one America for all its people.

He was a forceful advocate, as senior Members of this House can well attest. He was conscientious in his devotion to duty in the House, even in his later days when his health was failing. It was his own decision to retire at the end of this Congress because of his health.

Mr. Speaker, BILL DAWSON will not be with us in these waning days of the 91st Congress, but his memory lingers on in all our hearts.

My sincere sympathy goes out to his widow and his family in their great loss.

Mr. COLLINS of Illinois. Mr. Speaker, I rise to join my colleagues in expressing my sympathy in the passing of the late Congressman WILLIAM L. DAWSON.

It has been my good fortune to observe Mr. DAWSON's distinguished political career for many years. First, as an observer, later, as an acquaintance, and a friend.

He exemplified a man of great courage, wisdom, compassion, and understanding of his fellowman. Among his many contributions to the people of America was his organizing a voter registration drive throughout the South, which in turn brought about the election of many black people.

Being an ardent worker in his district, he implemented many community programs such as religious, civic, recreation, and so forth, because his philosophy was that a public official should participate in all positive endeavors in community life.

Being the senior statesman that he was, I have borrowed from Mr. DAWSON's book of practical politics many times. His warm personality won the love of many people. One of his famous sayings in which he will always be remembered by is "Don't get mad, get smart."

He will be sorely missed in behalf of all the people of the Sixth Congressional District which I have the honor to represent.

My wife, Mrs. Collins, my son, Kevin, and I extend our deepest sympathy to the bereaved family. The name of WILLIAM L. DAWSON will live on in the minds and hearts of the people forever.

Mr. SPRINGER. Mr. Speaker, I thank the gentleman of Illinois for providing this opportunity for us to join in tribute to the memory of a great Illinoisan and a great American, the Honorable WILLIAM L. DAWSON, Representative in Congress for more than a quarter of a century from the First District of Illinois.

When BILL DAWSON first came to Congress he was the only black Member of this body. With rare political acumen, he quietly and effectively worked to improve the status of black people not only in his own district on Chicago's teeming South Side but also throughout the United States.

BILL DAWSON did more to assure passage of civil rights legislation than some of those who got the publicity for it. That was the way he worked. He was interested only in getting the job done. He cared little if others captured the headlines.

It should be emphasized, however, that BILL DAWSON will not be remembered solely for his dedication to the cause of

racial justice. He also will go down in the annals of the House of Representatives as one of the great committee chairmen of our time. For almost 20 years he presided with wisdom and skill over the deliberations of the Committee on Expenditures in the Executive Department. Although I never served on that committee, my friends on both sides of the aisle who were privileged to serve under BILL DAWSON's leadership have always spoken well of his qualities of judgment and his fairness.

With BILL DAWSON's passing, I believe that we, and those who follow us, can draw inspiration from his great career. Mrs. Springer and I extend our deepest sympathy to his family.

Mr. WYDLER. Mr. Speaker, I served in Congress as a member of the Government Operations Committee, which was chaired by the late WILLIAM DAWSON. He was a good and kindly man, who loved the Congress and the committee which he headed. Although he was not a member of the party to which I belong, I found that he would put the interest of our country above that of party in matters affecting the public good. His service in Congress was a credit to our Nation and we will miss him.

Mr. SIKES. Mr. Speaker, I am honored to join with my colleagues in paying special tribute to our esteemed friend and distinguished colleague, the late WILLIAM L. DAWSON, who passed away on November 9. He was a warm and genuine human being who spent much of his life in the service of his fellow man and his country. Few who have come to Congress have been privileged to enjoy the degree of respect and appreciation which was accorded to Congressman Dawson by Members on both sides of the aisle, and few in public life have been so highly regarded by people of all walks of life.

As we pause to honor the memory of the gentleman who so ably represented the First Congressional District of Illinois for 28 years in this Chamber, it is well to recall the accomplishments of this very able legislator, for they were many and the caliber of his accomplishments was outstanding.

Representative Dawson was chairman of the Government Operations Committee. His contribution to this important committee's work was outstanding, and of an enduring quality which will not be forgotten. He served with exceptional dedication as a member of the House District Committee.

I was proud to enjoy his friendship through the many years which we spent here together. It is highly appropriate that we now honor his memory and I join my colleagues in extending deepest sympathy to Congressman Dawson's family and in assuring them he will long remain in our thoughts and prayers.

Mr. BUCHANAN. Mr. Speaker, it is with fondness and great respect that I join with my colleagues in the Congress in paying tribute to the late WILLIAM L. DAWSON. Congressman Dawson presided over the House Government Operations Committee as its chairman for almost 20 years. I feel particularly privileged in having had the opportunity of working with this distinguished public servant on that committee.

WILLIAM DAWSON's long career in the U.S. House of Representatives was marked by dedicated work and able leadership on behalf of his country as well as his own constituents from the First District of Illinois. He will also be remembered well for his commendable and untiring efforts on behalf of our Nation's black citizens.

The Congress and the Nation has felt a great loss with the passing of WILLIAM DAWSON, but he shall long be remembered in our thoughts and prayers.

Mr. RANDALL. Mr. Speaker, it was with great regret that it was not possible to be present on the floor Tuesday evening, December 1, to participate in the eulogy of our departed colleague, Congressman BILL DAWSON.

In my years here as a fellow Member, I regarded him first as my friend, then as a counselor upon whom I could always depend for good advice, and finally as the distinguished Chairman of the House Government Operations Committee, on which it is my privilege to serve as a member.

Mr. Speaker, our late colleague was respected not only by those from the area in which he lived, but by the entire country. He was respected not only by his black colleagues but by every one of his white colleagues. The reason he enjoyed such great respect was that he served the people of his district, his State and his country from 1943 until he departed this life on November 9, 1970, with dedication and outstanding ability. He was honored to become the first man of his race to be chairman of a major committee of the House of Representatives. He was offered the post of a Cabinet Member by President Kennedy. At one time he was the vice chairman of the Democratic National Committee. He had a distinguished and enviable public career. Few men have received the honors and tributes that were his.

One of the greatest privileges of my time here in Congress was to serve as a member of the House Government Operations Committee headed by our late colleague as chairman. He was a good chairman. He was a fair chairman. In our meetings of the full committee, everyone who asked to be recognized was certain to be given the privilege of recognition without being gavelled down, overlooked or ignored as sometimes happens here on Capitol Hill.

One of the greatest experiences in my time here in Congress has been those instances in which I sat beside him on the floor of the House to engage in leisurely conversation. We talked of some of the happenings when he first became a Member and also some of the trials and tribulations of his early years as a political leader in the city of Chicago. I learned then that he was one who was not afraid to be called a politician. He regarded politics not as a hobby to be worked on in leisure hours, but a full time job in which if one is to become successful, he must be willing to apply all of his energies every day of the year.

Some of the words of wisdom that I learned in my conversations with him included the admonition that it never paid to get mad no matter how impatient and how irritated one may become. Instead,

he argued that the way to get what you want was not through loss of temper but a constant application of tact.

Mr. Dawson's conduct of his life proved that what he said in our conversations as we sat together on the floor, he meant. He practiced the principles he said he believed in. He was not a flamboyant person. He was a gracious man and even appeared to be retiring. But as a former soldier and later as a lawyer, he proved he was not afraid to fight. I am convinced he understood well the legislative process and the fact that it is the art of the possible. While he never ran from a fight, he was a resolver of differences between colleagues. He believed that all of the reports issued by his House Committee on Government Operations should reflect moderation rather than any possible suggestion of extremism.

In my own mind I am convinced that the House Committee on Government Operations under the leadership of our late Chairman BILL DAWSON has been responsible for the saving of millions of dollars through the elimination of inefficiency, duplication, and waste in Government programs. It was a high honor for me to be a member of that committee under his leadership.

BILL DAWSON leaves behind a great legacy. He will be greatly missed in this body. He is gone, but because of the contributions he made while a Member of this body, he will always retain a prominent place in the history of the House of Representatives. My sympathy goes to Mrs. Dawson and the members of the Dawson family.

Mr. NIX. Mr. Speaker, we mourn the passing of a great American, our dear friend and long-time colleague, WILLIAM LEVI DAWSON of Illinois.

Congressman Dawson's long and brilliant career of public service is of historic proportions. He was first elected to the House of Representatives in 1942, at that time the only Negro serving in this great body. He was the first Negro chairman of a major congressional committee—the Committee on Government Operations—in which capacity he has served so ably over the years.

BILL DAWSON was born in April 1886, in Albany, Ga. He attended public schools and was graduated from Albany Normal School in 1905 and from Fish University in 1909. During World War I, he served overseas as a first lieutenant with the 367th Infantry with distinction, and was gassed and wounded. Having moved to Chicago prior to the war, he attended Kent College of Law and was graduated from Northwestern University Law School. He was admitted to the bar in 1920 and began the practice of law in Chicago. During the 1930's, BILL DAWSON was elected as an alderman and became one of Chicago's outstanding political leaders before his subsequent election to Congress.

Mr. Speaker, BILL DAWSON was an effective legislator and responsible spokesman for his constituency and for Negro Americans throughout the country. He helped create more job opportunities for Negroes, he fought against unjust racial discrimination in employment, housing, and access to public facilities. He pioneered the initial fights

for repeal of the poll tax as a prerequisite for voting. He sparked the fight for integration of our Armed Forces.

BILL DAWSON did not seek headlines nor did he seek personal glory for his many legislative accomplishments. Quietly, efficiently, and using his great personal persuasion, he was able to make highly significant contributions for the well-being of all Americans—regardless of their color, economic position, or other superficial considerations.

Mr. Speaker, we will all miss our friend in the difficult times ahead. We can all take a lesson from the dedicated example he has set for service in this body.

I extend to his widow, Nellie, his son, William, Jr., and his daughter, Barbara, my heartfelt sympathy for their loss—which is ours and the Nation's as well.

Mr. PUCINSKI. Mr. Speaker, recently this House of Representatives suffered an irreplaceable loss. BILL DAWSON, a Member of this body for almost three decades, has bequeathed to all of us the strength and conviction of a man of principle who enjoyed his career as Representative of Illinois First District.

BILL DAWSON arrived in Washington as a freshman Congressman in 1943, at the height of hostilities in World War II. He set to work quietly and effectively to make his service to the people of his district, his State, and his Nation an example to his colleagues.

He was a friend of five American Presidents.

As one of the principal architects of civil-rights legislation enacted by Congress in the past 20 years, his name is revered by all those who know the depth of his integrity and commitment to equal opportunity for all Americans. He was not one to make speeches, but often I noticed how Congressmen from both sides of the aisle would seek him out quietly as he sat on the floor, asking his advice on a particular piece of legislation.

BILL DAWSON was without question one of the greatest forces for social progress in this century. Many today eagerly claim credit for ideas that were his, for legislation that he initiated, and for the hard work that resulted in the significant laws of our time.

We will miss his quiet friendship, his honor, his belief in the possible. He was a wise man who carried his years and his seniority with patience and gentle humor. This House of Representatives has lost a giant and each of us has lost a good and remarkable friend.

Contemporary chroniclers were unable to comprehend the enormity of BILL DAWSON's contribution to his fellow man. We shall leave to historians of the future the task of placing into proper perspective the work of the giant in man's struggle for freedom, equality, and dignity. Mrs. Pucinski joins me in expressing our condolences to the family of WILLIAM DAWSON. May he rest in peace.

Mr. ROONEY of New York. Mr. Speaker, for a period of 27 years in the House of Representatives the Honorable WILLIAM L. DAWSON represented the people of the First Congressional District of Illinois and the hopes of millions of other Americans.

The grandson of a slave, BILL DAWSON compiled an outstanding record in college

and law school and served 6 years on the Chicago City Council. When he came to Congress in 1943 he was already very much aware of the horrendous problems facing urban communities. In the House of Representatives BILL DAWSON won friendship and respect and became a nationally known figure—not because he was the first black man to be made chairman of a major House committee but because of his beliefs, integrity, and determination to make America a better place for all Americans. He was a fighter for racial justice and equality long before those issues became popular. He knew from firsthand, bitter experience what prejudice meant. BILL DAWSON served his country his whole life; in the Army, in his community, and in the House of Representatives. The House is a better place for his long presence. We owe him much. And we will miss him. To his wife, daughter, and son and family I offer my deepest sympathy in their great loss.

GENERAL LEAVE

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the life, character, and public service of the late WILLIAM L. DAWSON.

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

There was no objection.

EFFECT OF THE RECENTLY ENACTED RAIL PASSENGER ACT AND DESIGNATION OF BASIC SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. ADAMS) is recognized for 60 minutes.

Mr. ADAMS. Mr. Speaker, I have taken this time and requested this special order this afternoon so that Members of the House will have an opportunity to discuss the effect of the recently enacted Rail Passenger Act and specifically the designation of the basic system which was accomplished by Secretary of Transportation Volpe and released yesterday.

I have asked that the charts that were used at the briefing by Secretary Volpe yesterday for Members of the House be made available to all Members, and the charts are present on the floor today. These charts indicate not only the end points of the 16 basic city pair system that has been designated by the Secretary, but they also indicate the options which are available as routes under this system.

I might point out that in the act this is of considerable importance to the Members of the House, because under section 201 the Secretary is required first to identify the end points of the system and then to identify all routes under which service may be provided. This is important to the Members of the House in contacting their constituents, because they have 30 days from yesterday within which to comment on whether or not they believe that system is adequate and to make specific recommendations to the Secre-

tary of Transportation as to how the system should be changed if they believe it should be changed.

The Secretary then has 30 days within which to act on these recommendations and he must file in writing whether or not he is going to accept the recommendations or reject them, and, if he is going to reject them, the reasons for his rejection.

I want to emphasize to the Members of the House and particularly to be certain it is in the Record that this is not a panacea which has been created.

For nearly a year Congress has wrestled with the problem of whether or not there will be any passenger service at all in the United States. There have been recommendations by a number of people that the railroad passenger system be allowed to go out of existence. We have rejected this in the Congress. In particular, the Members of the House Committee on Interstate and Foreign Commerce and of the Senate Committee on Commerce have worked for many, many months—and a number of them are present on the floor today and will make some specific comments about this—and have chosen to create a COMSAT type corporation that will take over and run the railroad passenger system of the United States.

Pursuant to the direction of the Congress of the United States—and the statute signed by the President—the Secretary yesterday did designate a basic system. To my left is the designation which has been made by the Secretary of Transportation, presented in chart form.

Within 30 days the ICC, the State commissions, railway labor, and the railroad industry have an opportunity to comment on this system. Individual Members of the Congress, I know, will be commenting on it, and others have indicated they wish to have their comments made in writing. Later during this special order I will see that those comments are placed in the Record.

The corporation prior to May 1 of next year will be offering a contract to each railroad operating intercity passenger trains. If they accept the contract, it will allow those railroads to discontinue any passenger service which they are presently operating.

Upon entering into the contract, the railroad will be allowed to discontinue the passenger trains by giving 30 days notice under section 13(a) of the Interstate Commerce Act, and will also be entering into a contract with this corporation to run certain passenger service.

This approach is a final, very hard compromise as to how to maintain some form of national rail passenger system.

I have some basic questions about this system, but I do want to recognize the fact of the difficult work that has gone into this by Members of Congress, by Members of the House who have spent hours and weeks and months—some on the committee; some not on the committee—trying to preserve some form of passenger system.

My basic problem with the system as it has been designated—and I will be making recommendations to my State commission, as I hope some other Mem-

bers will be to theirs—is that there appear to be two gaps in the system.

The first is between New Orleans and Los Angeles. In other words, there is no connection across the south of the United States, which in the past there has been.

The second is that there is no connection north and south along the west coast, basically from Canada to San Diego.

I know other Members will be commenting on this, and I certainly hope that the State commissions will comment on it and in specific fashion; for example, asking "Is a roadbed available?" or "What are the cost factors involved?" or "Do we have a response from the Secretary of Transportation as to why these two particular gaps are there?"

I have read the articles in the press. There appears in the Evening Star for today an article which indicates that certain portions of this system were eliminated by the Bureau of the Budget or by recommendation from White House aides. I believe that we as Members of Congress should inquire about how the system exists and whether we believe certain parts should be restored, so that we know if a portion has been omitted why it has been omitted.

Another shortcoming—and I know this will interest some of our friends in the Northeast, particularly in what has been referred to sometimes as the tennis racket which exists between New York, Providence, Boston, and Springfield, in other words, the alternative routes that exist in this area—is knowledge of what type of service is contemplated and knowledge of some of the factors that went into this designation. It is very difficult conscientiously to evaluate this preliminary system when we do not have all of the cost factors involved before us. The Secretary of Transportation in a briefing indicated a basic decision had been made that no route would be continued if it were to show a loss of more than \$1 million per year. That is the only designation we have had with regard to the cost of maintaining service.

Just one final point and then I want to recognize other Members for their comments and any questions they would like to ask.

I want to make it perfectly clear that if any area is not designated or is not within the system, a State or regional agency can demand a train be kept in service by the national corporation. However, that group must pay a minimum of two-thirds of any loss that is incurred. This should be made amply clear to the regions and agencies involved so that if a designation does not take place, then there is still this alternative. I think during the next 60 days we should all be working very hard on this system to make it work.

Mr. Speaker, I would close by saying that during the next decade I think it is going to be a job for all of the Members of Congress, for members of the administration, for members of the industry, and for the public to see to it that we maintain these corridors throughout the United States. I think our increasing urbanization and developments along

this line make it vital for a mass ground transportation system to be preserved for the future.

Now, Mr. Speaker, I yield to the gentleman from Rhode Island, one of the authors of the bill and who is on the committee (Mr. TIERNAN).

Mr. TIERNAN. First of all, Mr. Speaker, I thank the gentleman for yielding to me.

I want to take this opportunity to congratulate him for bringing this matter to the attention of Members of the House by having this special order tonight. Certainly he deserves a great deal of credit for hard work.

This has not been an easy piece of legislation. As you have clearly indicated to the Members here today, it will require their attention in the next 30-day period because, as you have indicated, there have been some difficult considerations involved.

I have not had an opportunity to study the complex report of the Secretary. My understanding is that the gentleman from Washington will request through the chairman of the appropriate committee that possibly the Secretary of Transportation appear before some committee of the Congress so that we might have a fuller opportunity to have this revealed to us. For example, some of the basic considerations that are set forth in the bill as to whether or not these considerations were met and which elements were considered in designating the basic route. The point with regard to some fiscal considerations as they enter into the final basic system as designated by the Secretary should certainly be considered by the Members of the House. Also, as you have indicated, I think this should be emphasized with regard to the period of time that is set forth in the bill. There will be no appeal from the final determination by the Secretary, which leaves the Members without any recourse except, as you have indicated, the possibility of requests from a region or a State or a group of States to have some service undertaken by other national corporations. There they would have to pay two-thirds of any of the loss that is incurred in that service, as you have said. So I think in the next 30 days all of the Members present here and those who are not present should certainly, first of all, make their own views clear to the Secretary or through the committee if the committee will have the Secretary appear before it.

Also, I think we should indicate to the utilities commissions in our States the fact that they certainly should be in a position to set forth the facts and statistics that would substantiate a position that we would want to take with respect to the basic plan.

Mr. Speaker, I agree with the gentleman from Washington. It seems clear that the system leaves out any north-south route in the Far West along the Pacific coast and also along the southern part of our country. I think those areas, without having the map before me, clearly stand out as possible considerations for change in the basic system. I think this is the time to do it.

I think through the possibility of having meetings with the Secretary of Transportation and with the appropriate committees something can be done in that area.

I want to again take this opportunity to congratulate the gentleman from Washington for his work and his efforts to see that we do have continuing passenger service, because this is a serious problem and we are going to have more trouble before we are out of the woods in my personal opinion. I think the gentleman deserves a great deal of credit for having taken the time to bring this to the attention of Members of the House.

I would like to comment briefly on the preliminary report on the basic national rail passenger system. I am withholding any detailed comments until I have had a chance to study some of the motives behind parts of this report.

Let me first say that once again the emphasis is on long-haul service, rather than on the economically viable urban corridor service. For example, one designated route is from Chicago to San Francisco and one is from Chicago to Los Angeles. And yet, there is no provision for north-south service anywhere on the west coast. I believe we must have an explanation from Secretary Volpe for this very questionable decision.

The Rail Passenger Service Act, as passed by the Congress, set guidelines to be considered in formulating the new system. Included in these guidelines were the consideration of the "unique characteristics and advantages of rail service as compared to other modes of transportation," and the "potential profitability of the service." I, for one, will have to be shown how these two guidelines were considered in the designation of several of the long-haul routes.

Let me close by urging the President to choose carefully the three or more incorporators who will set up the corporation. These individuals must not be considered for partisan reasons or for their image. They must genuinely believe in the necessity for modern rail passenger service, for only with men dedicated to a modern and efficient rail passenger system can the corporation succeed.

Mr. ADAMS. I thank the gentleman from Rhode Island for his contribution.

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

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

Mr. POAGE. I, too, want to thank the gentleman from Washington for bringing this matter to our attention. I think the gentleman has rendered a service in bringing this to our attention at a date early enough so that possibly something can be done about it.

Mr. Speaker, I think the gentleman from Washington has well stated the glaring omissions, and there are doubtless others, but I do agree that those two routes of service along the west coast and along the southern part of the United States certainly should be included.

Mr. Speaker, I think I could offer a suggestion and would like to offer a suggestion as to service along the southern

portion of the United States without burdensome increased cost. The maps that have been presented, of course, are not finalized. I do not know whether the service that is suggested from Chicago to Houston will actually follow the route of the Texas Chief which is still running and is in operation today over the Santa Fe line, or whether it will run as one of these suggestions indicates, by St. Louis and directly to Houston, omitting the Dallas-Fort Worth complex. I do not live in the Dallas-Fort Worth complex, but I think certainly there should be service there. There is rail service today to Fort Worth. There is none to Dallas. If the Texas Chief continues to run on the Santa Fe, all that would be necessary to provide an east-west service would be to extend the service from Temple, Tex. to Clovis, N. Mex., a distance of about 350 miles. I say this because we have the Chief running from Temple over into Houston at the present time. You have the Chief—not the Texas Chief—running from Chicago to Los Angeles through Clovis. Instead of having to run a train 1,800 miles from Houston to Los Angeles, you could run a train only about 350 miles and bridge that gap. I point out the fact that those who have been doing the planning have overlooked the fact of what is actually in existence today. I think we should take into consideration the existing operations in order to make this as cheap as we can. I certainly agree there should be an operation across there.

I want to suggest another operation that seems to me to be essential, and I think it should be in the RECORD. The Mexican National Railroads run a good train from Mexico to Nuevo Laredo across the river from Laredo, Tex. There is at the present time no connection between the Mexican railroads and the U.S. railroads. It seems to me very clear that there should be. And by running an operation again from Temple south through Austin, San Antonio down to Laredo, which is a distance of about 200 miles, we could connect the Mexican National Railroad system with the U.S. railroad system, which seems to me to be quite important, and I think it should be done.

I do not want to suggest putting a great, long and expensive operation into the system, but I do think that it is important that we consider some of these relatively short links that could give the effect of through traffic over long distances. This is especially true because the Mexican railroads are still hauling a lot of people, and they are still giving good service. They are giving better service than they ever did, probably. People from my area go down to Mexico and ride the trains because they are running good trains down there, and they provide a good service and a scenic route with attractive diner and sleeping car arrangements.

So, Mr. Speaker, I appreciate the opportunity to at least call attention to the fact that with some relatively short additions in the southwest we could at least take care of two of what seem to me to be glaring inefficiencies in the system.

I appreciate the gentleman from Washington bringing this matter up before us, and giving us the opportunity of presenting these suggestions now.

Mr. ADAMS. I thank the gentleman from Texas for his contribution. I think it was particularly helpful. I hope that the Texas Commission and others will see that these things are placed in a form that we can present to the Secretary, because they would create those links.

I yield now to the gentleman from Massachusetts (Mr. BURKE) who has long been an advocate of saving our passenger trains, and is one of those who started all of us on this journey some 2 years ago.

Mr. BURKE of Massachusetts. Mr. Speaker, I want to commend the distinguished gentleman from Washington for bringing this matter to our attention, and I wish to associate myself with his remarks, and also the remarks of the gentleman from Rhode Island (Mr. TIERNAN).

I believe that this is the first step that has been taken to really try to solve the problem of our railroad passenger service.

It seems almost impossible that we have achieved the destruction of our railroad passenger service, and that this has taken place in this Nation during the past 50 years. We can put a man on the moon, but we cannot run trains from Boston to Washington in a short period of time.

I have watched the operation of the Metroliners from Washington to New York and, despite the technical difficulties, it is quite apparent that fast, clean passenger service will be patronized by the public.

On the east coast of the United States from Boston to Washington you have one of the busiest corridors in the world for travel. The airports are glutted with passengers, buses are overloaded, the turnpikes are glutted with traffic, and it seems to me that the time is here now for the building and rebuilding of the roadbeds, and the establishment of safe, clean, fast passenger trains, particularly for this part of the country, because it is vitally needed.

These routes that have been outlined here on the charts, as recommended by the Secretary of Transportation, are the initial steps. This Nation of ours cannot allow itself to continue on in its present trend. Nations like Japan and Canada and France, and other countries, have already proven that fast train service will be subscribed to by the people, and will be supported.

For too long the railroad companies of this Nation have done everything possible to keep passengers from riding the trains.

I think of the conditions up in Boston when you take a Federal train down to Washington on a Sunday evening. You call up about 9 o'clock at night to find out if you can get a reservation—and they cannot give you an answer.

On the train you cannot get a cup of coffee on Sunday night, neither can you get a sandwich. You can buy a beverage and possibly a can of peanuts. When you

get up in the morning and go to the dining car, the only thing you can get is a cup of coffee possibly and a piece of toast.

This is over an 8½-hour ride. If the train is delayed—you might be delayed up to 9 or 10 hours. But there is no opportunity to even get a breakfast.

Now what the railroads have done, and they have done it in a very devious way, is they have made it practically impossible to get on a passenger train. You call over here to Union Station and ask for a reservation on that Metroliner and you get all kinds of answers. You are lucky if you ever get on the train. I remember the chairman of the Committee on Ways and Means was going up to New York—and it was not until they found out who he was that he was able to get on the train.

These are the things that are happening. It is time for America to wake up. We cannot have these asphalt highways and cement highways all over the Nation. They are putting them overhead and underhead and around circles and in cloverleaves. Why we have more highways coming into Washington here—and just take a look at your traffic problems and take a look at the pollution that is caused by the vehicles—by the diesel motors that are spewing out their poisons into the air.

Railroad transportation and mass transportation will relieve that problem and will take a lot of these cars off the roads. It will give a fellow a chance to get on the train at Boston and within a period of 5½ hours arrive down here in Washington. We can do it. This Nation has the capability to do it because they put a man on the moon. If we can put a man on the moon, certainly we can establish a railroad transportation system that will reflect the great glory and ability of this Nation. Therefore, Mr. Speaker, I want to commend the gentleman from Washington (Mr. ADAMS) and the gentleman from Rhode Island (Mr. TIERNAN) for the work they have done. There are some gaps in this program—there is no doubt about it. But it is an initial step. It is a step we have to take and we cannot wait too much longer. So I want to praise both of these men and the other members of the Committee on Interstate and Foreign Commerce for their foresighted views on this matter and for their efforts in trying to solve a real problem.

Mr. ADAMS. I thank the gentleman from Massachusetts for his remarks.

I yield to the gentleman from Illinois (Mr. McCLODY).

Mr. McCLODY. I thank the gentleman for yielding. I wish to compliment the gentleman for taking this special order and on his leadership in behalf of a passenger service program for our Nation. I think the fact that this legislation has been passed and a preliminary system has been devised is a demonstration of the kind of cooperation that can be possible between Members on both sides of the aisle, and with leadership such as we have had from the Secretary of Transportation, Mr. Volpe. I know

that the young man who serves in his office, who served formerly as my administrative assistant, Donald Deuster, is one who has promoted this legislation with the general public as well as among Members of the House and the other body. I certainly wish to support many of the things which were alluded to by the gentleman from Massachusetts, and particularly to suggest that this offers an opportunity to America to relieve the overcrowded highways, to help relieve the threats to the environment, and to serve all Americans, which, of course, it can do.

Being a Representative from the State of Illinois, and noting on this map that Chicago, in the preliminary designation of points in the basic system, serves as the hub for the system, I cannot help but feel the extreme importance which this legislation is to my State and to the people in the great Midwest who, of course, serve as a sort of crossroads for transportation of this type. I wish to indicate my willingness to support, through further legislative actions and through all of the support that I can provide from my office, all those steps that need to be taken in order further to carry this program to a full fruition.

I thank the gentleman for yielding.

Mr. VAN DEERLIN. Mr. Speaker, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from California, a member of the committee, whose good humor and assistance during consideration of the bill made it all possible. I remember particularly his comments on the connections between the city of San Diego, which he so ably represents, and Los Angeles. I yield to the gentleman from California.

Mr. VAN DEERLIN. Mr. Speaker, the designation of a proposed national passenger rail system yesterday by Secretary Volpe was an important first step toward achieving a balanced transportation system.

As a westerner, though, I am disappointed with the priorities assigned by Mr. Volpe for the preservation and improvement of our fast disappearing passenger service.

A glance at the map of the terminal cities in the preliminary network unveiled by the Secretary shows truly wide open spaces in our great American Southwest.

In fact, of the 14 cities designated as end points in the basic system, only four—Seattle, San Francisco, Los Angeles, and Houston—lie west of the Mississippi.

I cannot quarrel with the logic in trying to assure the continuation of adequate passenger rail service in densely populated corridors of the eastern seaboard.

But I do feel the Department of Transportation is overlooking an obvious point: Our population growth is occurring primarily in the West, as amply demonstrated by final census figures which were also released yesterday.

Take the matter of north-south routes. None is recommended for the Pacific coast. Yet no fewer than five north-south

lines have been proposed to traverse the eastern portion of our country. To let this conspicuous imbalance go unchallenged would be to neglect our responsibility to the future.

As a San Diegan, moreover, I am naturally concerned over the complete omission of my city—14th largest in the Nation—from the basic plan.

For decades, it seems, Federal transportation planners have fallen into the trap of considering San Diego a suburb of Los Angeles. We have had to fight for everything that has been allocated to us in ocean, air, and highway routes. Now it appears we shall have to battle for passenger rail service to which we feel entitled as a self-sustaining metropolis of considerable economic importance.

To start, San Diego is not a bedroom of Los Angeles. It is instead a standard metropolitan statistical area with 1.4 million people, virtually all of whom work as well as live there.

And while many parts of the Far West are just beginning to realize their potential for population growth, congestion of people and the means of moving them about is already a harsh fact of life in the 128-mile corridor extending from San Diego to Los Angeles.

Today, 99 percent of travel in this corridor is by car, bus, and plane. We do have rail service of a sort, but it is woefully inadequate: three train runs a day between San Diego and Los Angeles each taking nearly 3 hours.

People love their cars in southern California and they use them; fully 88 percent of the 37 million trips a year along the corridor are by private automobile.

But if we expect the highways to continue to bear the primary intercity transportation burden, the future is indeed forbidding. Traffic along Interstate 5, the main highway between Los Angeles and San Diego, has been increasing at the rate of 8 percent a year, more than three times the population growth rate. Our planners point out that unless alternate modes of transportation are developed, Interstate 5 will be "consistently overburdened" along its 133-mile San Diego-Los Angeles segment before this decade is over.

Some 6 percent of the travelers between the two cities are now taking the plane, but here again, projections offer scant comfort for the future.

In a recent 2-year period, from 1966 to 1968, the annual number of San Diego-Los Angeles air passengers shot up by 29 percent, a rate of increase that if sustained would cause commercial air traffic to double every 5 years. It can be assumed that many of these passengers fly because they are fed up fighting traffic on the freeways. But the airways themselves could become dangerously overburdened as a result.

Today, more than 10 million people reside in the three counties—San Diego, Orange, and Los Angeles—comprising the San Diego-Los Angeles corridor. That's one of every 20 persons in the United States. Surely, demography alone should justify inclusion of this area in any viable national passenger rail sys-

tem, as the southern anchor of a north-south line joining the Pacific States.

Secretary Volpe has always shown himself to be a reasonable and fair-minded man. He made clear yesterday that the routes suggested in his preliminary report are subject to revision before he makes his final determination on January 28.

Mr. Speaker, I earnestly hope Mr. Volpe can be persuaded to recommend the necessary westward extensions to make this a truly national system.

The gentleman from Illinois has referred to Chicago's peculiar role as a hub of all or many of these routes. Of course, that took no brilliance in planning, inasmuch as the present major roads feed in and out of Chicago. I would direct the gentleman's attention to the fact that at one time Buffalo, N.Y., occupied this unique position in American railroading. Buffalo no longer occupies that position because, rightly, the westward tilt of the late 19th century and the early 20th century has brought Chicago into the role of being the principal railroad point in the United States.

But I would call attention to the increasing population of my native State, which is going to enrich this body in the next Congress with five additional Members. I do hope when they arrive they will not find that the railroad passenger traffic of the future has been so set in cement that it is too late to do anything about it. I know the gentleman is going to be as concerned as I about connecting his great city in the extreme Northwest of the United States with my city in the extreme Southwest of the United States. We have had some shoddy reductions in the passenger service between those points, and I think it is up to the Federal Government through legislation such as this to make sure that adequate service is restored and maintained.

I would point out, I hope without being parochial, that one American in 20 lives in the corridor that lies south of Los Angeles in southern California. It is perfectly apparent from the map that this one-twentieth of our population has been completely ignored in the tentative route service. We have got to have some kind of railroad service, because 40 million persons a year traverse this route between San Diego and Los Angeles. About 88 percent of them go by auto, about 12 percent by air, and the projections of air service are that this demand will be doubled every 5 years.

This presents a clear and immediate problem of safety, with the clogging of the skies and highways. We have got to get those people out of the air, and we have got to get as many people as possible off the highways, and we can do it with fast passenger rail service. The present time for that route is close to three hours. Something has to be done. This is a good beginning. I do not think we should be too hard on the Secretary of Transportation at this stage, but let us keep the pressure on him very closely for the next 8 weeks.

Mr. Speaker, I thank the gentleman for yielding.

Mr. ADAMS. Mr. Speaker, I yield to the gentleman from Texas (Mr. ECKHARDT), a member of our committee. I want to express my appreciation to him for the work he has done on this during the past few years.

Mr. ECKHARDT. Mr. Speaker, I thank the gentleman in the well, who, I can remember, was fighting for this matter at a time when it seemed like a nostalgic dream. It seems now like the real initiation of a program that may change the history of transportation in the United States.

There is no man in the House who deserves more credit both for his intelligent analytical approach to this problem and also for his insistence that something be done about it, through a long period of time during which it seemed at times hopeless.

Also, I wish to recognize the work of the Department of Transportation. I think it is a good step forward. I do not want to see it overloaded. I would like to see transportation revitalized in America beyond simply the hope of having my community served, but I do think aside from the question of regional interest, the statement of the gentleman from California was extremely telling with respect to population trends.

Across that southern corridor, across the traditional southern corridor, we have three of the large States which have actually grown in the most marked way—Florida, which will receive, because of its proportionate population growth, three additional Congressmen, and Texas with one, and California with five. Therefore, it is easy to note that the southern corridor should not be neglected if we are considering the development of the country.

The route across the southern portion of the United States has been traditional, and I can only believe that such a traditional route must have a reasonable technological basis.

I have been most impressed by the statement by my colleague from Texas, the distinguished chairman of the Committee on Agriculture, with respect to the route to which he referred. It must be said that the Santa Fe, of all the railroads in our area, has maintained perhaps more active passenger transportation over long routes than others. This is a consideration I believe should be given attention.

This development is most noteworthy, I believe.

Again I want to recognize the contribution of the gentleman from Washington, who has given us the opportunity to make these statements.

Mr. ADAMS. I thank the gentleman from Texas.

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

Mr. ADAMS. I yield to the gentleman from Massachusetts, a member of the Appropriations Committee, who has been deeply involved with a great deal of interest in transportation, and who has

contributed much to it. I appreciate his being here today to give us the benefit of his views on this matter.

Mr. BOLAND. I thank the gentleman from Washington for his very kind remarks.

With respect to the Subcommittee on Appropriations for the Department of Transportation, the funds which will come up, I presume in a supplemental, for the \$40 million to get Railpax off the ground, I am sure will be overwhelmingly voted for not only by the subcommittee but also by the committee and by the Congress itself.

I do want to join the gentleman from California, the gentleman from Texas, and others who have complimented the work the gentleman from Washington has put into this effort. It has been a tremendous job, and he has given a great deal of his great ability and time and expertise to this matter.

A moment ago I believe my friend from California (Mr. VAN DERLIN) indicated we ought not to be too hard on Secretary Volpe. As a matter of fact, I believe that all of us—indeed, including the gentleman from California—would applaud the efforts of the Secretary in this area. All of us recall that many months ago when Railpax was sent up as a trial balloon it was promptly shot down by the Interstate Commerce Commission and some in the administration, but not the Secretary himself. It was a plan being advanced rather cautiously at that time, and a plan which almost died aborting, but it did take fruit.

Today we do have a basic system which might very well save passenger service throughout the United States. This is a beginning, as I am sure the gentleman from Washington has said.

I attended the briefing which the gentleman attended yesterday morning, given by the Secretary and by the Department of Transportation. Those of us who were at the conference came away with the belief that this is indeed a giant step forward in the preservation of passenger service in the United States. It is, as I am sure the gentleman has explained to the House, a basic system which can be built upon, and which I am sure will be built upon in the years to come.

I am delighted the gentleman from Washington (Mr. ADAMS) has taken this time for the purpose of explaining in detail what the system is, what it is now doing, what it hopes to do, and what we can accomplish by adopting the system as it was recommended by the Department and as it will be expanded by the Corporation itself in the years to come.

I appreciate the gentleman's taking this special order to permit the Members of the entire House to know precisely what the system entails. I am sure as we get to know it better we will make improvements. Comments will flow in for the next 30 days to the Department, and action will be taken by the Department after that 30-day period, when all of the Directors and the Corporation itself are finally established.

I believe we will be able to look back to the day this bill passed the House and

say to the Committee on Interstate and Foreign Commerce that they did a good job. We can applaud the Department of Transportation and Secretary Volpe for his leadership in this area, and I am sure we can commend the gentleman from Washington for his foresight and leadership and for the great interest he has taken in this particular problem.

Mr. ADAMS. I thank the gentleman from Massachusetts.

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

Mr. ADAMS. I yield to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Speaker, I think the Department of Transportation has done a mammoth job in preparing, during the past 30 days, its preliminary outline for a basic national rail transportation network for passengers. I believe there have been some significant omissions, and inevitably there will be some changes which the Department of Transportation will want to make after the next 30-day period of study provided under the Rail Passenger Service Act of 1970.

Specifically, I have called upon the Department of Transportation, the Interstate Commerce Commission, and the Texas Railroad Commission to recommend the inclusion of the route eastward from El Paso to Houston and New Orleans in the basic transportation system.

This is one of the most historic railroad routes on the continent and the Interstate Commerce Commission has turned down previous efforts of the railroads to abandon it.

I am sure there will be many other efforts to retain long established passenger service in other parts of the Nation, and I hope members of this body will make their wishes known during the next 30 days.

Thank you.

Mr. ADAMS. I thank the gentleman from Texas.

At this time I would like to pay my compliments to the chairman of the Subcommittee on Transportation and Aeronautics, the honorable gentleman from Maryland, SAMUEL FRIEDEL, for his contribution and for what he did in seeing that this bill moved forward.

Mr. KUYKENDALL. Mr. Speaker, those of us on the Interstate and Foreign Commerce Committee who have worked long and tedious hours on this legislation did so with one thought in mind: That something had to be done to save the railroad passenger service. We have known for years that highway and airport expansion cannot keep pace with the growing numbers of intercity travelers. While significant improvements are being made in our highway and airway systems, it is clear that they cannot be relied upon exclusively for future intercity travel needs. Expansion of highways and airports is limited by considerations of land use, noise and air pollution, and other environmental problems. Without minimizing the enormous contributions that the automobile and the airplane have made to intercity travel, it has become clear in the last few years that they cannot do it alone.

The need to rescue rail passenger service is obvious. This service has declined so severely in amount and quality in the past several years that it could very well have disappeared entirely if appropriate action had not been taken immediately.

In the last 10 years the number of intercity passenger trains has fallen from 1,500 to fewer than 400. Accompanying the overall decline in passenger service has been a generally marked deterioration in quality.

Deficits from passenger operations have imposed a serious financial burden on the Nation's railroads, affecting their ability to provide high-quality freight service. The rail passenger deficit has swollen from \$9 million in 1963 to about \$200 million in 1969.

Improved and revitalized rail passenger service can make a major contribution to better intercity transportation. This is especially true as we look to the future, when increased population and additional travel will impose serious congestion problems in the Nation's heavily congested corridors.

By the end of this decade it has been estimated that more than half of the U.S. population—which will total about 230 million in 1980—will be located in three major corridor complexes: one in the Northeast, another in California, and the third in broad bands across the Midwest.

Much of the movement provided by commercial modes within these corridors today is provided by air transportation, but air traffic forecasts indicate that the principal air terminals at such places as New York, Washington, Boston, and Chicago will soon become so badly congested that it will be desirable, perhaps essential, to divert some air travelers to high-quality rail service. At present, for example, approximately 25 percent of those who use the crowded airports in New York, 40 percent in Washington, and almost 60 percent in Boston travel to other points in the northeast. If a sizable proportion of this traffic is shifted to passenger trains, air congestion would be alleviated considerably.

The success of the Department of Transportation's rail passenger demonstration programs in the northeast corridor is positive proof that good, clean and efficient service will attract travelers. The metroliner between New York and Washington carried close to 1 million passengers in fiscal year 1970. More than 100,000 travelers are using the service each month. On the turbotrains, ridership has also been impressive with over 105,000 passengers from its inception in April of 1969 through June of 1970.

The objectives of the new Rail Passenger Corporation are to create a viable, businesslike enterprise that will be dedicated exclusively to the improvement and operation of high-quality rail passenger service. Its management hopefully will be unburdened with traditional rail managerial attitudes and approaches and should therefore be able to bring about the greatly needed changes in operations and marketing. There is no reason why rail service cannot be sold to the American public just as effectively as air

transportation has been in the last 10 years.

The experts believe that the new corporation can reach the break-even point within 3 years and prove to be profitable soon thereafter. In the beginning, it is expected that the unavoidable investment and start-up expenses would cause the corporation to incur a deficit. However, this deficit is not expected to present a serious financial problem, due to the corporation's initial capitalization through participation of the railroads and the Federal Government.

The preliminary designation yesterday of the basic route system shows excellent planning and good judgment in setting up a system that will reach some 105 million people. It is hoped that the corporation will be able to expand upon these routes so that eventually rail service will be more convenient, easily accessible and more economical than ever before.

Mr. PICKLE. Mr. Speaker, it is a bit early to offer a clear-cut analysis of the national rail passenger system proposed by the Department of Transportation. A massive nationwide system such as this takes time to digest.

In the committee, we recognized this time lag and created the mechanism for the various parties to be heard. During the next 30 days, for example, the various groups—ICC, State railroad commissions, railroad management, and labor—have the opportunity to make themselves heard before the Secretary of the Department of Transportation.

Following the ICC review procedure, the Secretary of Transportation then has an additional 30 days to amend his initial recommendations and then give us his "reasons why" his decisions were made.

From this point, we go into the machinery whereby railroads choose whether to participate in the corporation.

Mr. Speaker, this is a fragile beginning, but it is a beginning. The semi-public corporation to run the passenger service is a hybrid born out of compromise.

It is not quite nationalization.

It is not quite free enterprise.

And it is not the complete solution. But the concept is sound. Admittedly, this is little more than a holding action. By designating even this rudimentary national passenger system, we have arrested the certain, slow death of the railroad passenger train.

We have not, however, treated the symptoms that have caused the American traveling public to abandon the train in favor of the automobile, bus, and airplane. This we must do.

Throughout the long hearings in both the subcommittee and the full committee, I have endorsed the plan for this corporation to keep a passenger system running. I continue to support the plan. And, generally speaking, the preliminary recommendations by Secretary Volpe are good. But there are some gaping holes in both the proposed network and the equipment.

Chicago, for example, has become the railroad for the Nation. Obviously, the Windy City is the hub for America's railroads, but our purpose in designating a national system is to move intercity traffic by rail. I find it discomfiting that 10 of the 16 proposed routes begin, or end or cross through Chicago.

This is done at the expense of the Southwest and the Far West coast.

I insist that the Department of Transportation rethink their initial suggestions to include the existing east coast to west coast transcontinental service through the southern half of the Nation. As you know, there is a train running now that crosses the continent in this fashion—beginning with Southern Railroad's depot in New York, through Washington and Atlanta and on to New Orleans.

From New Orleans, the Southern Pacific picks up the run through Beaumont, Houston, San Antonio, and El Paso on to California. This is a vital link and should be included in the basic system proposed by the Secretary. This error of omission must be corrected. Apparently the railroads concerned feel like this particular run merits some special attention—they just reinstated sleeper service on the existing passenger run and upgraded dining accommodations.

On the same subject of considering additions to the national system, a quick look at the map illustrates quickly the need for some north-south passenger service in the growing population corridor that is California. It is shortsighted to deny this method of transportation to one of the more densely populated sectors of the country and I urge the Secretary to consider this addition also.

Plus, I am certain that closer examination of the Department of Transportation recommendations will point to the need for improved high-speed inter-city service, such as the Metroliner from Washington to New York. Certainly, we need to give the "all-aboard" to similar runs in other areas of population concentration.

Wisely, the Secretary left the door open to some modification of his basic suggestions. Certainly, within the next 30 days, we will consider fresh evidence pointing to the need to additions to the initial recommendations. I hope that the Department of Transportation is flexible enough to give these forthcoming suggestions full consideration.

This holding action of ours, for example, does not give adequate consideration to new methods of moving people by rail. I ask that the Department of Transportation immediately incorporate such plans which would include the possibility for tracked air cushion vehicles, high-speed trains, linear induction engines and perhaps even pneumatic tubes. I still smart from the elimination of the extra \$15 million from this bill which I tried to earmark for high-speed ground transportation when this measure was approved in October. I still reject the argument that "this was not in the budget." The Department of Transportation must have the courage to ask for larger sums for these demonstration projects.

Not only do we need this high speed back in the budget, but we also need some dreamers who can develop transportation modes we have not even yet considered.

Going a step further, Mr. Speaker, ultimately the proposed national system will remain a skeleton with little muscle until such time as the Department of Transportation can integrate this rail system into a fully developed, balanced national transportation plan.

Consider the legislation we have passed in recent months: the airport and airways bill, mass transportation in urban areas, extension of the Interstate Highway Act and now the rail passenger service. Until these and other transportation bills, such as the containerization or intermodal bill, are pencil-whipped into a completely integrated approach—until such time as we can truly look at the Nation either through a computer or a crystal ball, each of these major legislative accomplishments are limited.

Although each of these bills represents a giant step, we will have no clear-cut direction until the Department of Transportation can plug every transportation system into a national approach. I urge the Secretary to accelerate his endeavors in this vital area. Until we can provide the plain, ordinary people dependable transportation just across town to conduct their shopping, much less across the Nation to conduct their business, until then—we will continue to choke with congestion, pollution and even ghettos. An easy ride across the city means a lot for the urban poor.

Meanwhile, I do find some comfort in these tenuous steps to progress. Perhaps we have, indeed, saved the passenger train from going the way of the passenger pigeon.

Now, I need to find a way to move Chicago to Texas in order to get adequate rail transportation.

Mr. GONZALEZ. Mr. Speaker, if there is any one thing that should be clear to us, it is that our cities are strangling. The cities of this country have a massive problem of circulation. We are finding it increasingly difficult to move from city to city, or within cities.

In the present day, to get from one city to another, Americans have a choice generally to go either by airplane or over the road, either by bus or car. A few who are determined and hardy are able to find a passenger train. But probably better than 99 percent of intercity travel in this country today is by highway or air.

Both highways and airways have limited capacity to carry people or freight. In the more densely populated areas of our country we have a situation where both highways and airways are saturated and can hardly be expected to accommodate anything like the level of demand that will exist in the future—for they already serve all too inadequately today, despite the frequent and costly efforts that we make to improve and upgrade airports and highways.

So we are left with rail transportation. There are only about 370 railroad passenger trains left in the country today.

Railroads are asking that fully a hundred of these be discontinued. On those that remain, service is slow, and even at that is so unreliable as to be a joke. Cars are old and ill-maintained, and the ride is uncomfortable because there are few or no amenities offered, and the railroads have allowed their track and roadbed to fall far below the level of maintenance required for fast, safe and comfortable passenger service.

Now we are discovering that our cities are suffering from a case of poor circulation, and that it is vital to the Nation's interest to revive railroad passenger service. This is not an effort that must be made merely to save a relic from the past; we do not need to preserve railroad passenger service merely because it would be sad to lose it. We simply must preserve, maintain and upgrade this service because it is absolutely essential and vital to the healthy and orderly flow of commerce through this great and complex land.

This will not be an easy undertaking. It is not a project to be tackled by the faint of heart or the man of anemic will or ambition. It is a task of gargantuan proportions, requiring brave and bold men, supported by a Congress that is equally brave and bold.

The tool we have for saving the railroad passenger service is pitifully small.

The National Rail Passenger Service Corp. is charged with taking over and running passenger trains. To do this, we have endowed it with a promise of a pittance of money. We have given it authority to take over railway passenger service, and save it if it can, kill it if it must.

The system that is envisioned by Secretary Volpe might enable a few trains to survive; but its first effect will not be to help railway passenger service to survive; instead trains by the hundred will simply disappear. There will be no railway connection from Detroit to New Orleans, and none from New Orleans to Dallas, or from San Antonio to anywhere. There will no longer be trains servicing the Southwest; the Sunset Limited, the Zephyrs, and all the rest of the great Western trains will be just a memory.

I believe that it is a mistake not to start out with the premise that this country's great cities—all of them, not just some of them—must have railway passenger service. But the first act of the Secretary of Transportation is to propose a system that does not even offer that as a hope, let alone a promise. I think that this is a mistake.

I understand why perhaps it might be necessary to say "tomorrow, perhaps." But to simply remain mute is to say nothing can be done, either by Railpax or any other entity—to provide this service.

Railpax will have little enough to do its task with. It will inherit a few old cars from the railroads, try to serve a few cities, and see if it can survive. It will have \$40 million to provide service with, if it can, plus maybe another \$300 million in loans, if the money can be raised.

Measured against the size of the task, that is a laughable amount.

Japan has the finest high-speed rail line in the world in its Tokyo-Osaka Express. That line cost not 40 million, not a hundred million, but one and a third billion dollars. Railpax cannot hope to do more than limp along with a few trains, given the resources that Congress has only promised—and promised on a "perhaps" at that.

Why will it cost so much?

For one thing, it is simply not possible on most U.S. rail lines today to offer a fast, comfortable, and safe ride. Even if we had decent railway cars, which we generally do not, the railroad track and roadbeds are now maintained only for freight traffic. Freight moves slowly, and it does not have to move comfortably, and so tracks and roadbeds that we have today are for the most part both uncomfortable and would be very much unsafe for high speed passenger service. While we have given Railpax the authority to operate trains in passenger service, we have not answered the riddle of who will provide the safe and comfortable tracks and roadbeds that alone will make those trains competitive with other forms of transportation. Neither are our statutes clear on how this would be financed.

There will be problems with labor agreements, and problems with who decides who has what right-of-way, when passenger needs conflict with the freight service that railroad companies will retain. Who pays what bills, and who owns the terminals, and under what conditions? These are matters that will take time, patience, and money to resolve.

So we are launching a brave experiment in salvaging railroad passenger service.

I believe that we need to have a bolder vision, a higher ambition.

I think the administration should have proposed a comprehensive plan, and requested a realistic budget to work with. As it is, Railpax may get an appropriation of \$40 million. We spend that much on highway construction in a single day. I hardly see how Railpax can live up to its promise. We should endow it with muscle, and demand the comprehensive network that we are not getting from the administration.

It would be too bad if we allowed the railways in the West and Southwest, and through the heartland of America to fall into the same disarray, disrepair, and disrepute as have the railroads of the east coast.

I do not think it is too late to solve the problem. But we surely have no time to waste, because Railpax will be the executioner of a good 80 percent of that pitifully small railway passenger service we now have—and then it will see what can be done about saving the rest. I doubt seriously that it can do even that. We had better examine the doctor before he kills the poor patient, who God knows, is sick enough already.

Mr. PELLY. Mr. Speaker, it is most appropriate to discuss in the House today, as my colleague from the State of

Washington has been doing, the preliminary rail passenger system.

I have read with keen interest the report of Secretary John A. Volpe for creation of a basic rail-passenger system as authorized by the recent legislation passed by Congress. I supported this bill because it seemed to me in the national interest to prevent abandonment of intercity rail passenger service. This great Nation of more than 200 million people cannot depend alone on air and bus service.

The new rail system, as proposed by Secretary Volpe, with 16 different rail passenger routes in my view is a bare-bones plan. I do not quarrel with the city-pair end points suggested by the Secretary, but to be successful, I think there should be a feeder system into each end point. To take my own city of Seattle, I would hope that the system connect with Canada at Vancouver and to the south with Portland, Oreg., and California points such as San Francisco. Likewise, I would have hoped on the Atlantic seaboard the system would link with Montreal. On the south, I would have hoped for a New Orleans to Los Angeles route and in the West a San Francisco to Los Angeles route.

These additional routes, it seems to me would increase passenger travel by process of circulation. Perhaps, the plan to expand the system in accordance with need would include feeder lines to increase flow of traffic between the various so-called city-pair end points over which the scheduled passenger trains will operate.

In line with improving service, I would hope there will be through sleeping car service so passengers from Los Angeles, San Francisco, and Seattle could remain in their cars at Chicago and travel on to New York.

However, as pointed out by the Secretary, his report is limited in order to give freedom of management to the new corporation which it should have.

Meanwhile, let us not forget that this Nation faces a nationwide railroad strike and that on December 19, 1970, this Nation may be suddenly thrown into a complete traffic snarl.

What concerns me is that heretofore when Congress enacted legislation such as President Johnson's mediation to finality, the railroad unions, although they opposed such a law, respected it. Now, the president of the Railway Clerks has publicly stated he doubts that his membership would observe any such law, passed by Congress. I believe he said he would go to jail rather than obey a law to outlaw a strike.

If this happens, then we are wasting our time setting up a Rail Passenger Service Corporation. In such an event, seizure by the Government or nationalization of our railroads must follow. This Nation cannot stand a railroad strike and fines and jail sentences will not solve anything.

So, shortly, the United States may take another step, this time a giant step toward socialization in ending a taxpaying private transportation industry.

Right now, I think Congress should postpone consideration of the Volpe report and instead begin planning on possible temporary or permanent nationalization.

Personally, I think the employees of the railroads would be better off under free enterprise, but now we must consider first the interest of the Nation and not the interests of individual citizens.

This is a sad plight and difficult decision, but what to do about a nationwide transportation tieup must be decided.

Mr. ROBISON. Mr. Speaker, I have been called away from my duties here in the House of Representatives by a death in my family; and, therefore, it is impossible for me to be here today in person to participate in this special order on railway passenger service. The gentleman from Washington (Mr. ADAMS) has been considerate enough to include these remarks in the RECORD, and I thank him for that kindness.

Mr. Speaker, repeating a statement which I made on this floor in 1969 would seem appropriate, because the conditions of which I spoke came to pass—the discontinuance of passenger service in my district—and because we now stand at the crossroads with our new Rail Passenger Corporation which could revitalize such service. On that earlier occasion, I noted:

In an earlier, more rustic—and probably happier—time, one of the supposed pleasures of small town life was going down to the station to watch the train come in.

I do not know where it is going to happen, nor exactly when, but one day soon, unless we do something about it, the residents of some town here in our land will have the doubtful privilege of going down to the depot and watching America's last remaining passenger train come in.

Indeed, such has already occurred in my congressional district which formerly had numerous passenger trains daily stopping at each of our three major cities—Ithaca, Binghamton, and Elmira. We in the southern tier of New York have seen the last passenger train come and go.

And yet, Mr. Speaker, I do not want my remarks to take on the appearance of pessimism, for my district and many others have been granted a possible reprieve by the creation by Congress of the new Rail Passenger Corporation scheduled to come into being on May 1, 1971. That Corporation, together with the announcement yesterday of Secretary Volpe, offer the hope that the heretofore dwindling passenger rail service—both as to the quantity of routes and the quality of the service—may be rejuvenated. Certainly, as our population grows, as our highways become more crowded, as our airports become more congested, and as mass transit takes on new significance, passenger rail service—rather than a product of a former age—becomes a new hope for solving our future transportation problems.

As Secretary Volpe disclosed yesterday, one of the routes which DOT feels ought to be retained by the new Rail Passenger Corporation is that service between Buf-

falo and New York City. Although it is my understanding that the exact route or routes of that service remain to be determined by the Corporation, I cannot help but note—perhaps with nostalgia—that the route indicated on the map distributed by DOT roughly approximates that of the Erie-Lackawanna Railroad, which route passes through my district in the southern tier of New York. It is my hope that the Corporation, when it comes to choosing the particular route to furnish the service between Buffalo and New York City, will choose a route which restores service to the southern tier.

I have fought a long but fruitless fight in attempting to retain passenger service for my constituents—not out of nostalgia but because that service was necessary and it becomes increasingly important with each passing year. I carried that fight to all levels of management and government, but to no avail. Today there is no passenger service for the residents of my district. It was decided by the railroads and subsequently approved by the Interstate Commerce Commission that passenger service was neither profitable to the railroad nor needed by the residents—and today our passenger terminals stand empty, vestiges of a former age.

I do not quarrel with the financial finding. Indeed, perhaps the Erie-Lackawanna Railroad was losing money on that particular passenger route; but is it possible that a portion of that loss—or perhaps all of it—came as the direct result of the degradation of the service offered? And today, due to these “factual findings,” residents of the 33d Congressional District are reliant on the air passenger service provided by Mohawk Airlines, the only major airline which services that district, as their only means of rapid mass transit. Unfortunately, Mohawk is currently embroiled in a strike and service has been discontinued to our three commercial airports, leaving the residents of the area dependent entirely on automobile and bus transportation in the winter months when such travel is most dangerous and least dependable.

In choosing a route between Buffalo and New York City, I sincerely encourage the Corporation to carefully consider the needs of the southern tier and those factors weighing in favor of that route servicing our area. The route through the southern tier offers the shortest mileage of any of the other possible routes and, therefore, would be the fastest route.

In short, Mr. Speaker, there may be other routes that could be chosen between Buffalo and New York City, there may be other routes which might be more profitable to the railroads, but there is no route which is more necessary than that through the southern tier of New York. I would encourage the Corporation to select a route which will service that need, and I would hope that our plea for service will be heard. Perhaps one day in the not too distant future, the residents of Ithaca, Bingham-

ton, and Elmira will go down to their respective train stations to see the first train coming in to pick up passengers. I shall await that day with much anticipation.

Mr. McCLODY. Mr. Speaker, it is most encouraging that the Nixon administration and, particularly, the vibrant and forward-looking Secretary of Transportation, John Volpe, have recognized the need to preserve rail passenger service for the American people.

In pursuance of the legislation which was passed recently by this Congress, it is now planned to provide passenger service by the newly authorized, semipublic railroad corporation to serve the needs of 85 percent of the urban population.

Mr. Speaker, as a Representative from the State of Illinois, it is both logical and encouraging to note that Chicago will serve as the hub of the proposed passenger service program. Mr. Speaker, I am confident that the retention of rail passenger service and its improvement will benefit every citizen of the Nation. Certainly, it will be of particular benefit to all Americans who travel on our overcrowded highways. The proposed new passenger service system should reduce threats to the human environment and should give safe, convenient, and comfortable transportation to our mobile population.

Mr. Speaker, this is but another example of the successful handling of a pressing domestic issue. I commend my colleagues in the House and in the other body for supporting this administration-sponsored program which is moving rapidly to fruition. I am pleased to join my colleague from the State of Washington (Mr. ADAMS) and the others who are taking part in this special order. Mr. Speaker, I regard these remarks today as a commitment to future legislative support of the reasonable needs of the new, proposed transportation system.

Mr. WOLFF. Mr. Speaker, I want, at the outset, to congratulate and thank the gentleman from Washington (Mr. ADAMS) for the leadership position he has taken on the matter of rail passenger service. He is performing a valuable service and doing it quite well in focusing greatly needed attention on the plight of this Nation's railroads.

I chose to participate today because there are some points that I think should be made. While I do not profess to original authorship, I do think these points are quite important and know that they are of special interest to my constituents, tens of thousands of whom commute daily to and from Manhattan on the Long Island Railroad.

Specifically, I am concerned about the quality of safety and service standards on commuter railroads. I am also concerned about the responsibility of government in ensuring the continuation of commuter rail services.

You know, Mr. Speaker, how very often the Members talk about air pollution and the danger of automobile exhausts. These problems are especially acute in the New York metropolitan area where people and autos are in great den-

sity. We also know how many people commute to and from their jobs over distances of 20, 30, and even as much as 50 miles.

The question we must ask ourselves is whether we want the hundreds of thousands of commuters in the New York area, and their counterparts in all our great metropolitan areas, to travel to and from work in private autos, bearing in mind the fact that often this means only one or two people to a car spewing forth great amounts of pollution. Obviously this is not a desirable situation. Obviously we should offer an alternative to commuting by private auto.

And what is that alternative? Clean, safe, quick, affordable rail service is the best alternative available to us. It is desirable for many reasons not the least of which is the way in which such rail service will reduce the number of private autos polluting the air in our great metropolitan regions.

I realize I have gotten a bit away from the specific concern of the gentleman from Washington. But I do believe that commuter rail service is as deserving of our attention as intercity rail service. The motivations may be slightly different but the need and urgency are the same.

It is imperative that as the Federal Government has moved to save intercity rail transportation and give it new life that we have a fresh initiative to restoring proper commuter rail service in this country. This may require new thinking about funding, new ideas utilizing certain technological advances, perhaps even associating commuter lines with intercity lines. But it must be done and this is why I have joined the gentleman from Washington today in his discussion of the Rail Passenger Service Act.

Mr. FRIEDEL. Mr. Speaker, I welcome this very important opportunity to participate today in the special order called to discuss and perhaps more fully explain to all the Members of the House the significance of the historic Rail Passenger Service Act of 1970. As the Members know, last month both the House and the Senate passed this important landmark legislation and we were all pleased that President Nixon signed this bill into law.

As a member who has enjoyed the high privilege of chairing the distinguished Subcommittee on Transportation and Aeronautics of the Interstate and Foreign Commerce Committee under the magnificent leadership of my friend and able colleague, the Honorable HARLEY O. STAGGERS, of West Virginia, it gives me a special pleasure to be able to contribute today to this important discussion.

The Subcommittee on Transportation and Aeronautics has for the past 3 or 4 years been laboring diligently to produce legislation in the field of rail passenger service. As all the Members know, this has been a particularly thorny problem in our otherwise generally successful transportation picture in the United States. At the outset today I want to pay high praise to all the members of the subcommittee for their diligent and valiant efforts in producing this legislation

which can go so far in improving our transportation system in the United States. Without the effort and contributions of all the members of the subcommittee, I am sure we would not have produced this landmark program.

As all the Members of the House well know, the railroad industry in our country is the keystone of our transportation system. The American railroads have played and will continue to play a major role in the historic development of our great country. The forging of steel rails across our country in the 1800's largely contributed to the development of the Midwest and the vast areas of the Far West. Every American schoolchild learns of the importance of the railroad industry in the important development of our country. With the advent of the 20th century and the increase in technological know-how in all forms of transportation, the use of the railroad as a means of passenger transportation had by the middle part of this century begun to fall into a state of disarray. By 1970 the Nation was faced with the immediate threat of the complete curtailment of all rail passenger service throughout the country. In 1929, there were some 20,000 passenger trains in the United States—by 1946 some 9,000 of these had disappeared. In the last 24 years so many had been canceled or discontinued that today there are less than 400 passenger trains operating currently within the United States and of this number over 100 are currently pending discontinuance in proceedings before the Interstate Commerce Commission. In 1969, the railroad passenger deficit of the American railroads in the United States was approximately \$200 million. These were the considerations that the subcommittee and later the full committee groped with in developing the legislation which was successfully passed and signed into law last month.

The program that we have now established would create the National Railroad Passenger Corporation, a private corporation which would not be an agency of the Government. It would be a corporation somewhat similar to that created to manage the international telecommunications satellite or Comsat Corporation. The Corporation will be directed by a 15-member Board of Directors, eight appointed by the President with the advice and consent of the Senate. Three members elected by the common stockholders and the remaining four Directors elected by the preferred stockholders. The Corporation would be authorized to operate or contract for the operation of inter-city rail passenger trains. Each railroad company operating such passenger trains would be given the opportunity to contract to perform that service after May 1, 1971. If these companies entered into such a contract, the company would then be fully relieved of any responsibility to offer such passenger service itself over its existing routes.

Upon entering into such a contract the Corporation will assume the responsibility for, and will operate, most likely a portion of the railroad passenger service

previously offered by the contracting railroad.

The Secretary of Transportation under this act, has, as of yesterday, submitted a preliminary report to the Congress, setting forth recommendations for a national basic railroad passenger system. The Interstate Commerce Commission, State and public utility commissions, railroads, and labor, now have 30 days to submit their comments on the Secretary's preliminary report and the Secretary will submit his final report in another 30 days to 90 days after enactment of the legislation. Once the Secretary has fulfilled the statutory requirements for designating the basic system, there can be no further changes to the system, and the Corporation will operate under contract with individual railroads, the passenger service to be conducted over the basic system. This is scheduled for May 1, 1971.

Individual railroads who enter into contracts with the Corporation will, in consideration for their participation, be relieved of the responsibility of providing passenger train service. The individual railroads will be required to pay to the Corporation sums computed on a formula basis. Three formulas have been provided and payment would be based on the formula most favorable to each particular contracting railroad. Sums paid to the Corporation could be paid in cash, equipment, or providing future service. The choice is to be at the option of the Corporation. The contracting railroads in return will receive common stock of the Corporation equal in par value to the payment that they have made under the various formulas to the Corporation.

We are particularly proud of the feature that was put into the legislation to give the railroads a choice of three ways to participate, depending on their own corporate situations. The first option would be for an individual railroad to contribute 50 percent of the fully distributed passenger deficit of that railroad for calendar year 1969. The second option would be for the railroad to contribute 100 percent of the avoidable losses it suffered from all its intercity passenger service operated by the railroad during calendar year 1969. The third method by which the railroads can participate is for the railroad to contribute 200 percent of the avoidable loss of intercity passenger service operated by it over routes between points within the basic system during calendar year 1969. These of course are technical aspects of the legislation but do, in my judgment, preserve the idea of choice for the railroads in coming into the national system. And again, I want to emphasize that these payments can be made at the option of the Corporation either in cash, equipment, or future service and that the individual contracting railroad will receive capital stock in the Corporation in return for its contribution.

The program that we have established further provides for a 5-year mora-

torium on all passenger train discontinuances by any railroad which will not have entered into contracts with the Corporation. This in a sense was a subtle inducement to all railroads to participate in the Corporation scheme.

The Corporation, in addition to the basic system designated by the Secretary, may add additional passenger service when it believes this to be desirable and any part of the basic system may be discontinued by the Corporation anytime after July 1, 1973, if the Corporation finds that that passenger service is no longer necessary.

As I said earlier, our railroad passenger industry had sunk into a complete state of chaos. Major railroads which provide a substantial portion of our passenger service in this country had gone bankrupt and several others were threatened with bankruptcy as a result of continuing huge losses derived from failing railroad passenger business. We thus provided within this program a provision for the Secretary to authorize loans or guarantees of up to \$200 million to individual railroads for the purpose of assisting them in performing the purposes of the National Railroad Passenger Service Act.

In conclusion, Mr. Speaker, the Rail Passenger Service Act of 1970 represents a significant landmark in the transportation history of our country. Your committee of the House labored diligently and long over the various alternatives that were proposed during the last 3 years in order to bring some order out of chaos within our national rail passenger service in this country. We think that the act presents the best approach that we could come up with. It joins all segments of this vital industry together with the Government in running a rail passenger service for our Nation.

Rail passenger service in the United States can be improved and can be made enjoyable, pleasant, and overall efficient. Service by rail has been proven over and over to be the most inexpensive and economical and efficient way to move large bodies of people. Certainly within the megalopolis area of the Northeast in our country, we must have high-speed ground transportation. The beginnings that we have made with the Metroliner have proved the rightness of this course. Our railroad passenger service throughout the country has gone down because we have not kept pace with the times. By enacting this program we have taken the first step in the national commitment to find an answer to our surface transportation problem. Realistic projections of the travel needs of the United States in the next 20 years reveal that somewhere along that period the capacity of our airlines and autos to handle the movement of people, will be woefully inadequate. We must have a form of rail passenger service. The act which we passed last month and which is now on the books, will go a long way in making the proper beginning for all of us to work out for future generations the movement of people within the United States.

GENERAL LEAVE TO EXTEND

Mr. ADAMS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

INDEPENDENT OFFICES APPROPRIATIONS, FISCAL YEAR 1971

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PRICE) is recognized for 30 minutes.

Mr. PRICE of Texas. Mr. Speaker, I commend my colleagues on passing H.R. 19830, the Independent Offices and Housing and Urban Development Appropriations bill, 1971.

Earlier this year President Nixon vetoed this bill because Congress tacked on an additional \$540 million for the Department of Housing and Urban Development and other items above and beyond White House budget recommendations. I supported the President in this matter because I believe it takes austerity to curb the inflationary trends besetting us that were inherited from previous administrations. It is for this reason that I was pleased to note that the House Appropriations Committee recommended Independent Offices Appropriations bill that totals \$300 million less than the bill vetoed by the President.

I also support the action taken by the House Appropriations Committee, and passed by the House, concerning the fiscal year 1971 appropriations for the National Aeronautics and Space Administration. The House held the line on the previous House/Senate action recommending to the President that \$3,268,675,000 be appropriated for aeronautics and space for fiscal year 1971. This represents a cut of \$64,325,000 below the original NASA request and the minimum level at which our Nation's space activities can be carried on. At the same time, however, I must emphasize that to go below this level would jeopardize our position of preeminence in space.

In my view, despite the many other demands upon our national resources, we must maintain the vitality of our national technological effort born of the last decade particularly in our aeronautics and space endeavors. To do otherwise would place our Nation's position of leadership in space in jeopardy, further dissipate the superior aerospace team built up over the past decade, and relegate this Nation to a second-rate role in the world scientific and technological community.

Last March, President Nixon made some very cogent comments concerning our space program:

Over the last decade, the principal goal of our Nation's space program has been the Moon. By the end of that decade men from our planet had traveled to the moon on four occasions and twice they had walked on its

surface. With these unforgettable experiences, we have gained a new perspective of ourselves and our world.

I believe these accomplishments should help us gain a new perspective of our space program as well. Having completed that long stride into the future which has been our objective for the past decade, we must now define new goals which make sense for the Seventies. We must build on the successes of the past, always reaching out for new achievements. But we must also recognize that many critical problems here on this planet make high priority demands on our attention and our resources. By no means should we allow our space program to stagnate. But—with the entire future and the entire universe before us—we should not try to do everything at once. Our approach to space must continue to be bold—but it must also be balanced.

We must see our space effort, then, not only as an adventure of today but also as an investment in tomorrow. We did not go to the moon merely for the sport of it. To be sure, those undertakings have provided an exciting adventure for all mankind and we are proud that it was our Nation that met this challenge. But the most important thing about man's first footsteps on the Moon is what they promise for the future.

As we enter a new decade, we are conscious of the fact that man is also entering a new historic era. For the first time, he has reached beyond his planet; for the rest of time, we will think of ourselves as men from the planet Earth. It is my hope that as we go forward with our space program, we can plan and work in a way which makes us proud both of the planet from which we come and of our ability to travel beyond it.

Mr. Speaker, the past decade of space technological development has been one of learning. It was a period during which this Nation accepted awesome commitments in the race to conquer space. Despite many uncertainties and some disappointing starts a decade of impressive progress and spectacular success has resulted. Programs such as Explorer, Surveyor and Lunar Orbiter have provided data on such physical phenomena as the Earth's magnetosphere and solar winds, have shown the way to the Moon, mapped its surface, and have made other contributions to meeting our Apollo goals.

The practicality of earth observation satellite systems such as the presently operating Tiros and Nimbus may eventually improve the quality of life on earth. Our advanced technology in this area has reached the point where we can have reasonable confidence in future planned programs such as water resources management, identification of pollutants, detection of diseased crops, and locations of mineral deposits. A better understanding of the movement of earth masses and ice floes, will also be obtained.

Pioneering work on global communications via satellite through such programs as ECHO, Early Bird, Relay, Telstar, and Intelsat have been completed. Comsat Corporation is a good example. Advanced application technology satellites and data relay satellites hold much promise for the future of achieving a degree of worldwide space communication with attendant benefits pointing toward improved air and sea navigation and traffic surveillance.

Additionally, the Mercury, Gemini, and Apollo programs proved that men could

survive and operate in space, land on, do useful work, and return with important scientific data from the moon.

Our technology achievements gained through exploration of the peaceful uses of space has been a tremendous stride forward in an even larger sense. Our feeling of national pride and international prestige has increased immeasurably. The space program has provided hundreds of thousands of technological jobs and supported millions of people in many skills throughout the entire Nation, and has contributed billions of dollars to the national economy in almost every segment of commerce and industry. It has stimulated and produced great numbers of engineers, scientists, and technicians. And it has created a unique research and development capability which is in fact a major national resource.

The space program has also provided considerable leverage to all segments of nonaerospace industries through demands for advances in the "state of the art" of such devices as miniaturized electronics, extended-life batteries, and more sensitive and accurate atmospheric sensors and detectors. The \$8 billion a year computer industry has been catalyzed through constant demands for increases in capacity, speed, and flexibility with the result that practically every direct-access commercial computer system in the world today is American, reflecting the stimulus provided by those needs.

Conversely, nonaerospace industries have been provided access to the technology developed and demonstrated on space programs. For example, the super-insulation created for satellites is now being tested for use on Alaskan oil pipelines to prevent disturbances to the ecology of that area. Fiber reinforced plastics originally conceived for reentry vehicles are now being applied to aircraft structures. Sensors developed at the General Electric Space Center detect with equal facility deadly leaded paint on tenement walls, blood flow in the heart, and tumors in the eye. Large-scale computer modeling of whole industrial complexes, such as electric utilities plants, systems, and processes has benefited from aerospace techniques.

Mr. Speaker, I strongly believe this Nation must also covet its position of world leadership in space technology. In this regard, the Russian space program appears to be designed more for the long pull despite a liberal sprinkling of failures. Mr. George M. Low, Acting Administrator of NASA, succinctly focuses the relative trends in U.S.S.R. and U.S. space capabilities in the following:

Our launch rate has been steadily decreasing, while theirs is increasing. The accompanying chart will illustrate this graphically.

In 1970, so far, the USSR has placed 74 payloads into space, while the United States has had 31.

Russia has seldom missed a launch window in the exploration of Venus and Mars; our planetary program has many gaps.

Soviet commentators have implied that the USSR has plans to return samples and use self-propelled vehicles on our neighboring planets; we have no such plans.

The Soviets have a systematic continuing manned space flight program. Soyuz 9, an 18-day mission and the longest manned flight to date, was their latest step.

They have demonstrated a capability, with their Zond spacecraft, for manned circum-lunar flight, and could soon conduct such a flight.

The Soyuz and Zond programs could also lead to a manned earth orbital space station. The Soviets have stated that they expect to fly a space station before we do.

It has been reported that the Soviets are developing a booster in the giant Saturn V class; we have suspended production of ours. With such a booster, they would then be able to have permanent space bases in earth orbit, a manned outpost on the moon, or an automated planetary sample return capability.

We are rapidly losing the capability that made us first. On NASA programs alone, total employment has decreased from 420,000 in 1966 to a level of 160,000 now. Engineers and scientists are leaving the field by the thousands; young men are no longer going into these fields, because the future is uncertain. When the need again arises to rebuild our aerospace industry, to meet military requirements, or to meet a desire to move forward more rapidly in the exploration of space, we may no longer have the ability to do so.

Soviet research and development is estimated to be significantly greater than that of the United States—and growing at a rate of at least ten percent per year; United States research and development has leveled and is dropping.

EARTH ORBITAL, LUNAR AND PLANETARY PAYLOADS, UNITED STATES AND U.S.S.R., CALENDAR YEAR 1970, AS OF NOV. 19, 1970

Month	United States	U.S.S.R.
January.....	3	5
February.....	2	3
March.....	3	5
April.....	7	16
May.....	2	2
June.....	2	9
July.....	2	3
August.....	4	8
September.....	3	6
October.....	1	14
November.....	2	3
Total.....	31	74

Source: Satellite situation report.

Mr. Speaker, Mr. Low's statements are put in perspective when it is realized that despite what other social and military problems the Soviets have, they are currently spending at least 2 percent of their gross national product on their space program. Compare this to the less than 0.05 percent of the United States is now spending. The conclusion is obvious, unless we reverse present trends in the U.S. space program, this Nation must be prepared to surrender its lead in the space race to the Communists.

Since 1959, this Nation has taken the lead in space through the successful development of scientific, exploratory and applications spacecraft. Our investment in these programs had bolstered the economy, improved the quality of life of our people, increased our sense of national prestige and contributed to our national security. We can now capitalize on these benefits through continued growth of our capability toward more accurate long-range weather forecasts, improved worldwide communications and a better un-

derstanding of the earth—its interior, its surface, its resources and its protective atmosphere.

The times are such, however, that our Nation's ability to realize the full benefit of its investment in space and to maintain the resources which have brought us to these thresholds is now in jeopardy. We are faced with diminishing budgets for space and potential loss of technological leadership and international prestige.

In this regard, the newest and most difficult problems facing us at this point are social rather than technical; namely, maintaining public belief in and support of the national space effort.

As a member of the House Science and Astronautics Committee, the NASA Oversight Subcommittee, and the Manned Space Flight Subcommittee, I would submit that to relegate our Nation's space program to a lower priority would be tantamount to discarding a tremendous national capability that is essential to the economic salvation of this country. This is not to say our space effort should be afforded the highest of priorities to the detriment of poverty, housing, environment, education and other important programs. But we must be careful to assure our technological progress is not blocked by an emotional determination that space is not important to the improvement of life on earth and the well-being of mankind. Space is being used and can be used further for the benefit of mankind here on earth.

I believe we must move forward in space and in aeronautics. We are witnessing the further decline of the most tremendous technological team ever fielded in the history of man. Our magnificent aerospace team, composed of scientists, engineers and technicians from the government-industry-university complex, is being rapidly dissipated. Reaching a peak of 420,000 people engaged in aerospace activities in 1965, the number of personnel engaged in our space endeavor will drop to an estimated 143,000 by the end of this fiscal year. Where will these highly skilled people go? They have either joined the ranks of the unemployed, or they have sought other and less rewarding fields of endeavor.

We must not permit further degradation of our space and aeronautics effort. The vitality of our aerospace program must be continued not only to preserve our position of national prestige or our economic posture—but "for the benefit of all mankind."

TAKE PRIDE IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER of Ohio. Mr. Speaker, today we should take note of America's great accomplishments and in so doing renew our faith and confidence in ourselves as individuals and as a nation. The United States is the world leader in the production of pig-iron and ferro

alloys. The 1967 production was 7,214,000 metric tons compared to 6,802,000 for the U.S.S.R. and 4,954,000 for Japan.

PANAMA CANAL: NASSER TYPE TAKEOVER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD), is recognized for 15 minutes.

Mr. FLOOD. Mr. Speaker, during recent months the press of the United States has been strangely silent about Panama Canal matters. In contrast, the newspapers of Panama have been very active and have reported that President Nixon has expressed willingness to resume diplomatic talks on the status of the Canal Zone. Most significantly there have been veiled published threats in the Panama media of a Nasser-type takeover of the canal unless a new treaty is negotiated.

Some of the recent stories in Isthmian papers seem slanted for the purpose of goading Panamanian citizens, employees of the Panama Canal into supporting the demand of the Panama Government for sovereignty over the Canal Zone. If ordered not to report for work by their government, Panamanian citizens would have to obey and thus cause a slowdown in certain canal activities where they outnumber U.S. citizens. But, Mr. Speaker, I can assure the Congress that they could not interrupt transit operations and the commerce of the world would not be affected. Why? Because we have loyal North Americans in security positions, such as pilots, tugmasters, and lock operators.

In this connection, it will be recalled that during the Red-led Panamanian mob attacks on the Canal Zone in January 1964, when the U.S. Army under the command of Gen. Andrew P. O'Meara was required to protect the lives of our citizens there and the canal traffic moved on regular schedules close to the combat area without interruption and won the admiration of the shipping using the canal.

As regards the major modernization of the Panama Canal, for which bills will be reintroduced in the 92d Congress, I have learned that Panama Canal employees, both U.S. and non-U.S. citizens, support such modernization. They will be heard from at the appropriate time.

Returning to the matter of a Nasser-type takeover of the canal, I would invite special attention to a front page news story. This story goes into some detail as to the relative capabilities of U.S. and Panamanian forces on the Isthmus and the techniques for the proposed takeover.

While the indicated article reads like a bedtime story, absurd in the extreme, it might nevertheless serve to inspire the revolutionary Government of Panama to embark on such a venture. To say the least, our Armed Forces on the Isthmus should be prepared to meet any eventuality with adequate force; and if that strength is deemed insufficient it should be promptly augmented.

Under the assumption that such a takeover may be attempted, we can be sure that Soviet power would immediately support it with the threat of nuclear missiles to force the United States to accept the situation thus presented with a complete takeover of the canal itself by the Soviets. The lessons to be learned from that Asiatic imperialism in the subjugation of its satellite countries in Europe, and in Cuba, Bolivia, Peru, and Chile in the Western Hemisphere, clearly forecast what would happen to Panama should favorable conditions for its conquest develop.

The great fault and weakness of our own position covering this overall state of affairs arise chiefly from the fact that our national administrations have been weak in dealing realistically with the problems involved. The inevitable choice is not between the United States and Panama but between the United States and Soviet power.

In connection with the recent treaty negotiations with Panama, our negotiators have never approached the subject in a forthright or direct manner but have accepted as valid every argument for surrender of the Canal Zone ignoring the fact that the dream of Panamanian possession of the canal would result only in the complete Communist subjugation of Panama as well as Soviet control of the canal. Nor have our negotiators told the Panamanian negotiators that article IV, section 3, clause 2 of the U.S. Constitution vests the power to dispose of territory and other property of the United States in the Congress—House and Senate—and not in the treaty power—President and Senate—and that any agreement for such disposal is subject to the enactment of legislation by the Congress, which involves concurrence by the House.

Finally, Mr. Speaker, I would like to stress that I am not, and never have been, an enemy of Panama or its people. I am, indeed, a friend of both and have long wished, and yet wish, that demagogues in that country, acting from selfish motives, may be spared the inevitable destruction that would follow a Soviet takeover.

In order that the Congress and the Nation at large may be informed concerning recent trends in Isthmian thinking in the premises, I include in the RECORD the article as part of my remarks:

U.S. WIRE SERVICE WRITER, "GUERRILLA EXPERT" OFFERS WEIRD PLAN TO CAPTURE ZONE
(By Lionel Crane)

PANAMA CITY.—Could Panama's strongman, Brig. Gen. Omar Torrijos, grab the Panama Canal like the late Egyptian President Gamal Abdel Nasser seized the Suez Canal?

The answer is a possible "yes" if you take into account the size and power of the Panamanian National Guard—the only military force in the nation—and the current tensions between the United States and Panama.

Admittedly, such an idea appears inconceivable in these days of comparatively amicable relations between the two countries, but such a bold bid to take what most Panamanians claim rightfully belongs to them could become more attractive if, for example,

negotiations to replace the 1903 treaty, under which the United States presently controls the Panama Canal Zone, were to break down.

Admittedly, too, the experience might be traumatic, especially economically, for Panama, but doubtless monetary and technical as well as moral support would be swiftly forthcoming from the other side of the Iron Curtain as well as elsewhere in Latin America where the practice of tweaking the American eagle's tail feathers has become increasingly popular.

Slightly more than a brigade-sized force of U.S. Army troops—equipped with armored personnel carriers, tracked 40mm antiaircraft guns, mortars, artillery and a score or so of helicopters—is stationed in the Canal Zone.

The U.S. Air Force has half a dozen jets suitable for close ground support as well as training plus like numbers of C-123 and C-130 transports.

The Navy boasts a single landing ship, tank (LST), Hawk antiaircraft missiles guard the approaches to the 50-mile-long strategic waterway.

Apart from maneuvers and occasional alerts, usually for practice, much of the time is spent in training, generally on a Monday through Friday basis. There is plenty of leave and ample recreational facilities, both in the Canal Zone and in neighboring Panama. It is no hardship station for the armed forces.

Unlike the borders between most sovereign states, the border between the Canal Zone and the Republic of Panama is unmarked. There are no customs or immigration stations. Residents of both areas pass freely back and forth, afoot or in automobiles. In some places, only the different color of the uniform of the policeman on the corner distinguishes one side from the other.

On the Panama side, the 6,000-man National Guard has modern automatic infantry weapons, some heavy machine guns, recoilless rifles, some outmoded artillery, ample light and heavy trucks, but no armored personnel carriers, antiaircraft guns or mortars.

Its air strength consists of four helicopters, four spotter planes and four C-47 transports. Its sea forces, at least until 1971, are a few launches. But these would be sufficient, with the Palestine guerrillas for an example.

It requires little imagination to envisage a carefully orchestrated Panamanian campaign of words against the United States' intransigence in the treaty negotiations, designed to drum up sympathy for Panama's cause abroad, particularly in Latin America.

Perhaps the Panamanian negotiators would be recalled "for consultations." Relations between the two countries would chill.

Although Latins are not overly skillful at keeping a secret, Panama's National Guard officers seem to have the ability. Witness the swift, bloodless coup by which Torrijos and his fellow conspirator, Col. Boris Martinez, ousted constitutional President Arnulfo Arias on the night of Oct. 11, 1968. American intelligence was caught equally unprepared by the bloody, anti-American riots along the Canal one border in January 1964.

Possibly in the guise of maneuvers akin to recent exercises 25 miles east of Panama City, the National Guard could muster between 3,000 and 4,000 combat-trained troops by paring its forces throughout the rest of the country to the bone. The majority could be gathered near this capital city, the balance near Colon, at the other end of the Canal, ostensibly as the opposing force in the mythical maneuvers.

The National Guard's G-2 intelligence section could have pinpointed and assigned the initial objectives in the civilian communities within half a dozen miles of the border—the

police stations at Balboa and Cristobal, the telephone exchanges, the Panama Canal Administration Building at Balboa Heights, the residences of top officials, the power stations, even Canal Zone policemen on their regular patrols.

In some Saturday morning's predawn darkness, dozens of National Guard utility trucks, each laden with eight to ten armed guardsmen, could fan out into the Canal Zone to seize the civilian objectives.

At the same time, other heavier National Guard trucks, which still bear a remarkable resemblance to the U.S. Army trucks they once were, could be approaching the gates of U.S. military bases in the zone.

Misled, gate guards could be silenced before they could sound the alarm. Swiftly, with most of the bases asleep, armories, vehicles parks, ammunition dumps, helicopters, planes, headquarters buildings would be secured, with little or no resistance. Barracks could be searched, their occupants warned to remain indoors. A prime target would be the Canal Zone's only radio station SCN (Southern Command Network), operated by the armed forces at Ft. Clayton.

At the same time, the Panamanian troops could seize the locks, only lightly guarded by revolver-armed patrolmen, and the nerve centers of the Canal, the marine traffic control offices at Balboa and Cristobal.

Depending on the Panamanian strategy, ships in the waterway would be permitted to complete their transits or the waterway be closed immediately, with ships anchored along its length. Explosives could be placed ready to blow up the locks.

Dawn could find a Canal Zone almost entirely controlled by the Panama National Guard. Residents, as they woke, could be warned, possibly through SCN Radio by its new operators, to remain indoors. The warnings could be reinforced by firing from sand-bagged machine gun posts located at strategic intersections.

Meanwhile, on the other side of the border, the government-controlled press, radio and television, dutifully jubilant, could be informing the Panamanian people that Torrijos had assumed control of the Panama Canal Zone.

The populace, with Panamanians working for the Canal, who comprise 80 per cent of the work force, could be warned to stay out of the Canal Zone until Torrijos decided the next move. Retired and former National Guardsmen could be recalled to bolster the strength of the force, strained to the limit by its occupation of the Canal Zone.

Presumably the United States would think twice before attempting to mount a counter-invasion, especially with thousands of its troops and civilians held as hostages against just such a move. World opinion, particularly in a Europe which has not forgotten the United States' role when the British, French and Israelis attempted to seize the Suez Canal, would be against it.

With ships of many nations forced to divert to the longer Cape Horn or Cape of Good Hope routes, there would be heavy pressure for an early settlement of the disputes between the two nations.

And Panama would be in a strong bargaining position. Alternatively, Torrijos might elect to follow Nasser's example to finality and operate the Canal himself.

Training marine traffic controllers, locks operators and pilots might take time, with only smaller ships traveling the waterway at first, but it would not be impossible, as Nasser proved.

Whatever the possible outcomes—and there are several—it is the kind of nightmare that no American resident of the Canal Zone would like to wake up to.

NEW BILL TO PROTECT ATLANTIC NORTH AMERICAN SALMON

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

Mr. PELLY. Mr. Speaker, conservation of fishery resources should invite the cooperation and active participation of all nations who look to the sea for their food and livelihood of their fishermen. In this connection, a national commission to protect the once disappearing halibut in the North Pacific Ocean was created. Similar commissions have been established by treaty with many other countries to protect fishery stocks in various parts of the world.

Unfortunately, there seems to be no means other than voluntary agreement to compel one nation to protect fish that originate in the waters of another nation—the Atlantic salmon is a good case in point.

For example, Danish fishing interests have discovered that Atlantic salmon congregate off Greenland and as a result of their taking large stocks of these American fish our Atlantic streams are suffering from diminished supply.

In order to encourage Denmark and other nations to protect Atlantic salmon either on the high seas or in their own coastal fishing zones, I am introducing legislation providing for the Secretary of Commerce to notify the Secretary of the Treasury where our American stocks of fish are endangered by overfishing by foreign fishermen. Whereupon the Secretary of the Treasury would ban agriculture and other food products of such nation from being imported into the United States.

This obviously is a harsh measure, but whenever any such nation finds its exports to the United States threatened they can negotiate a conservation treaty which is in their own interest, and likewise in the interest of the United States. In the case of the Atlantic salmon, already, due to overfishing, the harvest of salmon off Greenland is diminishing. So it is apparent in this case that Denmark and the United States have a common interest in restoring this fishery.

Mr. Speaker, I am introducing this bill at this time in order to give the various departments of the Government time to study this legislation. Meanwhile, the chairman of the House Fish and Wildlife Conservation Subcommittee, Mr. DINGELL, has assured me of his interest and early next session he plans to have committee hearings on this matter which is so vital to the fishing and recreation industry of the North American coast.

INTEREST RATE REDUCTIONS FOR ALL BUT 204,500,000 MEMBERS OF THE U.S. POPULATION

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

Mr. PATMAN. Mr. Speaker, this morning's newspapers carried headlines about another one-fourth of 1 percent decrease in the discount rate charged member banks of the Federal Reserve System.

These headlines follow other headlines heralding various reductions in the prime interest rate. All of us welcome these decreases in interest charges despite the timid, hesitant, manner in which they are being initiated. Unfortunately, all of the headlines and front-page stories have been concentrating on two very limited interest rates—the discount rate and the prime rate. The discount rate now stands at 5½ percent. This is the rate, of course, which is available to commercial banks who borrow at the Federal Reserve's discount window. The discount window, under present Federal Reserve policies, is not available to the general public, only to the banks. The other rate which the front-page stories have discussed is the rate charged a handful of large corporations—the very best and most affluent customers of the commercial banks.

The headlines and the lengthy news stories have been talking about interest rates which probably affect slightly more than zero percent of the U.S. population. There are approximately 204,500,000 people who do not have access to the discount window or the prime lending rate. Perhaps soon we will have a news-story and headlines which will give us some idea of what this segment of the population can expect in the way of interest charges on their homes, automobiles, college loans, and the like. Buried deep on the financial pages is evidence that the consumer—despite the wonderful headlines—is not receiving much benefit from the interest rate reductions.

In a story filed by the United Press International, the Washington Post reports in its financial section—not on the front page—that—

Interest rates charged for conventional mortgages for the purchase of new homes, increased slightly in October . . .

So while the discount rate and the prime rate have been going down, many home mortgages have been going up. The average interest rate on a new home mortgage stands at about 8.5 percent. And in the case of FHA-insured mortgages, the consumer must pay another one-half percent for mandatory insurance. Therefore, the homebuyer is paying anywhere from 1½ to 2 percentage points more than the big corporations and 3 to 3½ percent more than the banks are paying at the Federal Reserve discount window. Other consumer interest charges remain extremely high. Automobile loans, student loans, farm loans are at, or near, alltime highs.

Mr. Speaker, it is time for the commercial banks to start passing on these interest rate reductions to the consumer, the small businessman, and the millions of others who do not have the benefit of a prime borrower status. At the moment, these prime rate reductions appear to be serving more as a public relations gimmick for the commercial banking industry than as a benefit to the economy.

Certainly, the prime interest rate reductions are needed but it is an absurdity for the banks and the Federal Government to allow the other interest rate charges to remain at their present level. Time after time, I have urged Secretary

of Housing and Urban Development George Romney to lead the way by reducing the ceilings on FHA and VA insured mortgages. Other Members of Congress have joined me in these requests to the Secretary, but the response has been nil.

More importantly, the President of the United States has vast powers through which he could require the banks to pass on interest savings to the consumer. With the prime rate and the discount rate being reduced, this would be an ideal time for the President to activate Public Law 91-151—the credit control law passed almost a year ago by the Congress. This law gives the President, operating through the Federal Reserve, the power to control all aspects of credit, including interest rates, down payments, maturities, and similar facets of credit transactions. In short, credit controls could be employed to make certain that the consumer, the small businessman, the farmer, and other credit-worthy members of the population get interest rate reductions, along with the much-heralded "prime" borrowers.

Mr. Speaker, again let me say that it is happy news to learn that both the commercial banks and the big corporations have received reductions in their interest charges. These are glad tidings, for these wealthy members of the economy, and all I am asking is that some of these great and bountiful benefits be passed on to the consumer.

The reductions in the prime lending rates are an admission by the banking system that they are enjoying some of the fattest profits in history, that they have available loan funds, and that their costs are sharply reduced. So there is no reason why the President should hesitate to require the banking system to pass these interest rate reductions down to the people.

Unfortunately, it does take some vigorous nudging to get the banks to reduce interest rates across the board.

Last Tuesday's Daily Bond Buyer carried a quote from a major banker which illustrates the great reluctance of the commercial banks to reduce interest charges. The Daily Bond Buyer asked Gaylord A. Freeman, chairman of the First National Bank of Chicago, if he planned to follow the prime rate reductions announced by New York banks, and he replied:

(Yes) But I will be unhappy to have to do so. As a manager employed by stockholders to run a business, I don't like to reduce our prices and hence our profits, and I am not at all convinced that it is in the national interest to do so.

Mr. Freeman is, of course, a recognized leader in the banking industry. Faced with this kind of attitude, it is obvious that voluntary rate reductions to the consumer, the homebuyer, and like customers, will be very slow in coming without a nudge from the President and his most trusted economic advisers.

KEEP SHOE QUOTA PROTECTION IN TRADE BILL

(Mr. WYMAN asked and was given permission to extend his remarks at this

point in the RECORD and to include extraneous matter.)

Mr. WYMAN. Mr. Speaker, I am truly aghast that the Finance Committee of the other body should have voted to delete shoes from the trade bill we passed in this House the other day. Of all the industries in this Nation, perhaps the one most critically hurt by rising floods of foreign imports is the shoe industry. Its profit margin is so thin it is perilously near to break even. Many shoe employers are keeping going by the skin of their teeth realizing that thousands of earnest men and women of senior years are dependent on the wages they earn in their shoe factories—workers that cannot be satisfactorily retrained for other employment at their age and with their years with shoes.

The argument that if shoes are left in the bill other industries will be invited under the tent, simply does not follow. This was a shoe and textile bill to start out with. It was at the recommendation of many of us in the Congress including myself, that the shoe industry and the textile industry joined forces to get the votes to enact a bill providing for a reasonably balanced projectible flow of imports into the United States in future years. It is tragic that the Members of the other body cannot understand the critical need here—or appreciate the fact that any country executing voluntary agreements with the United States to provide for orderly flow of imports in the future takes itself out from under the provisions of this legislation by its own terms.

We need the trade bill to get the meaningful commitments from foreign importing nations on a voluntary basis. Without its leverage there just is not the basis to obtain their signatures on the dotted line, for the profit motive is strong and the temptation to penetrate the lucrative U.S. market compelling. Failure to enact the trade bill with shoes in it at this time will be an open invitation to foreign importing nations to step up their imports still further. This was more than 32 percent of the domestic market last year. It is a virtual ticket to bankruptcy for dozens of shoe companies and tens of thousands of shoe workers. It is tragic that the vote to strip shoes from the trade bill should have been eight to six in the Finance Committee with three members of the Democratic Party absent. If we do not have a trade bill with shoes in it it will be because the Democratically controlled Congress took it out.

Let me repeat some illustrative figures that emphasize the urgent situation of the American shoe industry at this hour:

In 1950, foreign shoe imports accounted for 1.2 percent of the American market. By 1960, this figure had risen to 4.3 percent. This year, however, foreign shoe imports have captured a whopping 32.1 percent of our domestic market. Between 1965 and 1967, the industry suffered eight net closings. The period from 1968 to the present has witnessed 90 net closings, increasing the number of unemployed shoeworkers to 26,300. During 1970, in New England 17 shoe manufacturing plants have closed down, laying off 3,630 employees. Five factories with 1,200 jobs were lost to New Hampshire alone. It is

significant to note that while overall unemployment in the United States this past July was 5 percent, those areas with concentrations of shoe factories sustained unemployment rates of up to 10 percent.

Let us look at the reason for this situation. The average hourly wage, including fringe benefits, for American shoeworkers is \$2.78. Italy, Japan, Spain, and Taiwan have comparable rates of \$1.06, \$0.70, \$0.59, and \$0.22, respectively. With labor costs representing 30 to 40 percent of the total cost of a pair of shoes, I believe it is evident that without reasonable regulation of imports, labor-intensive industries such as the shoe industry will not be able to keep their heads above water.

If we in Congress do not do something about this and do it now, those who are in the industry are going to be forced to manufacture abroad if they want to compete in world markets. If they do manufacture abroad, it means that people are going to have jobs abroad and they are not going to have jobs in the United States. Many of the thousands who will lose their jobs are too senior to be capable of job retraining. I do not think as their Representatives in the Congress of the United States we ought to stand for that.

For reasons which no longer exist, over many years of foreign aid we have built up productive capabilities in these foreign countries by gifts of taxpayers dollars. These nations are now able to manufacture products whose end price is cheaper than we can produce them, and by our reciprocal trade programs we have opened up our market to these products. When the cost is thousands of American jobs, I just do not think this is right.

Mr. Speaker, by passing the trade bill Congress is not going to guarantee prices or subsidize inefficiency in domestic production. What is involved in this legislation is a balancing process—balancing the desire for free trade with the demonstrated need of domestic industry for reasonable protection. The need for protection is great and I sincerely hope a majority of Members of the other body will pass the trade bill without substantial amendment so the President can sign it and then turn to importing nations and say "The Congress has spoken. It is now up to you to make a meaningful voluntary arrangement with respect to your future imports into the United States in shoes and textiles, or the quota limitations provided in the bill will take effect.

The President needs this assist from Congress.

THE 16TH ANNUAL SESSION OF THE NORTH ATLANTIC ASSEMBLY

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

Mr. ANNUNZIO. Mr. Speaker, last month I had the honor and privilege of participating in the 16th annual session of the North Atlantic Assembly which met in The Hague, November 6-11.

I went as an alternate member with

the House of Representatives delegation headed by our colleague WAYNE L. HAYS, who has been chairman of all such official House groups ever since the assembly was first established as the NATO Parliamentarian's Conference back in 1955.

It was a most interesting and informative experience. While the North Atlantic Assembly has no statutory powers, it has the important function of serving as a platform for discussions at the parliamentary level between delegates from all 15 NATO countries. At these annual sessions Members of the Congress have the unique opportunity of working with their counterparts from the NATO legislative bodies to strive for closer understanding and cooperation in seeking solutions to our many mutual problems, including economic, environmental, and especially those of pollution.

Because of his recognized ability, WAYNE HAYS was elected president of the Assembly in the second year of its existence, in 1956. Since then he has served as the American member of the important Standing Committee of the Assembly, and with such distinction that he was again honored by election to the presidency for the 1970 term. He is the only American elected to this high position. Anyone who attends a session of the North Atlantic Assembly soon learns why our colleague WAYNE HAYS has served twice as president. He has the affection, admiration, and highest esteem of all the NATO representatives who have previously served with him and he soon gains the esteem and friendship of the new delegates.

WAYNE'S debating skill, his deep knowledge and understanding of international problems, together with his sense of fairness and impartiality as a presiding officer have brought credit to him and to our country and to our own legislative body.

WAYNE HAYS has demonstrated peerless qualities of statesmanship and leadership as our chief representative at the North Atlantic Assembly and I am indeed proud to have served with him. We all owe him our appreciation for a difficult job well done through his years of service at sessions of the Assembly and for his productive efforts to strengthen the NATO alliance and maintain the peace.

OUTRAGEOUS HANDLING OF LITHUANIAN DEFECTOR'S CASE BY COAST GUARD

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

Mr. ROONEY of New York. Mr. Speaker, every American, and especially those of us who are identified with the U.S. Government, must hang our heads in shame today over the manner in which asylum was denied a Lithuanian seaman who escaped a life of slavery on a Soviet fishing vessel.

I doubt if there exists a single instance in our Nation's history which approaches the inhuman and undemocratic act of our Coast Guard officers in not only refusing to grant the escaping seaman's

plea for asylum on an American ship, anchored in American waters off the coast of Massachusetts, but to use an American lifeboat to send back the sorely beaten escapee to his Red captors.

What a travesty of simple justice and what a mockery of our long-established policy of opening our doors to the world's oppressed and enslaved peoples were these acts of the officers of the U.S. Coast Guard cutter *Vigilant*.

What can the people of the enslaved nations of the world—the people who have long looked to America for help and sympathy—think of this Nation today? What will they think of the lily-livered excuse of our Coast Guard that because of “the delicate international discussions which were being carried on regarding fishing problems,” the Soviet slave-masters were allowed to board the U.S. Coast Guard cutter *Vigilant*, to brutally beat the escapee and forcefully remove him to their ship?

Mr. Speaker, shamed and chagrined as we all are, we must move at once to see that such a sorry performance will not be repeated. We cannot give back the precious freedom which the Lithuanian seaman coveted and had attained for such a brief moment. We cannot rectify the gross error in judgment made by supposedly competent American officials, but we can do something to see that adequate measures are taken to preclude a recurrence of such a shameful performance.

I urge this body to insist on an immediate and full investigation of this incident by the appropriate committees of the House for calling to account those responsible for this atrocious episode.

It should be made crystal clear to every official of this Government, to every American citizen, and to the people of the world that this country still extends its arms in welcome to those who flee oppression and seek freedom and sanctuary in this land.

I wish it were possible to send a message of deep regret and apology to this hapless Lithuanian seaman. I would like him to know and find perhaps some solace in the fact that although he personally was denied help and freedom, the circumstances surrounding his defection and return to the Communists have stirred the people of this Nation to see that never again will such a tragic error be made.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HUNT) to revise and extend their remarks and include extraneous matter:)

Mr. PRICE of Texas, for 30 minutes, today.

Mr. ANDERSON of Illinois, for 60 minutes, on December 2, 1970.

Mr. MILLER of Ohio, for 5 minutes, today.

(The following Members (at the request of Mr. ADAMS), to revise and extend their remarks and to include extraneous matter to:)

Mr. FLOOD, today, for 15 minutes.
Mr. ANDERSON of Tennessee, on December 8, for 60 minutes.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ABERNETHY and to include extraneous matter.

Mr. MOSS, to revise and extend his remarks made in Committee of the Whole today.

Mr. MOSS, to include a letter to the chairman of the New York Stock Exchange with his remarks made today in the Committee of the Whole on H.R. 19333.

Mr. PRICE of Illinois and to include extraneous matter with remarks made under his special order.

(The following Members (at the request of Mr. HUNT) and to include extraneous matter:)

Mr. SPRINGER.

Mr. ZWACH.

Mr. WYMAN in two instances.

Mrs. REID of Illinois.

Mr. ARENDS.

Mr. LUKENS.

Mr. LANDGREBE.

Mr. MILLER of Ohio in two instances.

Mr. SCHMITZ in four instances.

Mr. ASHBROOK in two instances.

Mr. DON H. CLAUSEN.

Mr. HARVEY.

Mr. MICHEL.

Mr. BRAY in two instances.

Mr. WHITEHURST.

(The following Members (at the request of Mr. ADAMS), and to include extraneous matter:)

Mr. BOLAND in three instances.

Mr. PUCINSKI in 10 instances.

Mr. THOMPSON of New Jersey in two instances.

Mr. PHILBIN in five instances.

Mr. DINGELL.

Mr. JACOBS in three instances.

Mr. BRASCO.

Mr. RARICK in three instances.

Mr. RODINO.

Mr. ST GERMAIN.

Mr. REES in two instances.

Mr. BENNETT in two instances.

Mr. KLUCZYNSKI.

Mr. FOUNTAIN.

Mr. KARTH in two instances.

Mr. WOLFF in five instances.

Mr. HAGAN in two instances.

ENROLLED JOINT RESOLUTION SIGNED

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 1403. Joint resolution to provide an additional temporary extension of the Federal Housing Administration's insurance authority.

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 and a joint resolution of the House of the following titles:

H.R. 6951. An act to enact the Interstate Agreement on Detainers into law;

H.R. 15216. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and to provide transportation and other services to the Boy Scouts of America in connection with the World Jamboree of Boy Scouts to be held in Japan in 1971, and for other purposes; and

House Joint Resolution 1403. A joint resolution to provide an additional temporary extension of the Federal Housing Administration's insurance authority.

ADJOURNMENT

Mr. ADAMS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 54 minutes p.m.), the House adjourned until tomorrow, Wednesday, December 2, 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:

2581. A letter from the Secretary of Agriculture and the Secretary of Housing and Urban Development, transmitting a report on assistance furnished to nonmetropolitan planning districts by the two Departments, pursuant to section 901(c) of the Agricultural Act of 1970; to the Committee on Agriculture.

2582. A letter from the Acting Secretary of Agriculture, transmitting a report on efforts of the Department of Agriculture to provide information and technical assistance to small communities and less populated areas in regard to rural development during fiscal year 1970, pursuant to section 901(d) of the Agricultural Act of 1970; to the Committee on Agriculture.

2583. A letter from the Associate Commissioner, Bureau of Educational Personnel Development, Office of Education, Department of Health, Education, and Welfare, transmitting a copy of his annual report entitled “The Education Professions, 1969-70,” pursuant to Public Law 90-35; to the Committee on Education and Labor.

2584. A letter from the national adjutant-paymaster, Marine Corps League, transmitting the annual report of the audit of the league for the period ended July 31, 1970, and a copy of the minutes of the organization's 1969 national convention, pursuant to Public Law 88-504; to the Committee on the Judiciary.

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. WAGGONER: Committee on House Administration. House Resolution 1241. A resolution relating to the compensation of the clerks to the Official Reporters of Debates (Rept. No. 91-1639). Ordered to be printed.

Mr. POAGE: Committee on Agriculture. H.R. 17582. A bill to amend the peanut marketing quota provisions to make permanent certain provisions thereunder (Rept. No. 91-1640). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 19567. A bill to continue until the close of September 30, 1973, the International Coffee Agreement Act of 1968; with amendments (Rept. No. 91-1641). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce, S. 2162. An act to provide for special packaging to protect children from serious personal injury or serious illness resulting from handling, using, or ingesting household substances, and for other purposes; with an amendment (Rept. No. 91-1642). Referred to the Committee of the Whole House on the State of the Union.

Mr. KASTENMEIER: Committee on the Judiciary, S. 1079. An act consenting to the Susquehanna River Basin compact, enacting the same into law thereby making the United States a signatory party; making certain reservations on behalf of the United States, and for related purposes (Rept. No. 91-1643). 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. SANDMAN: Committee on the Judiciary. H.R. 11895. A bill for the relief of William R. Karsteter; with amendments (Rept. No. 91-1637). Referred to the Committee of the Whole House.

Mr. DONOHUE: Committee on the Judiciary. H.R. 14235. A bill for the relief of Capt. Claire E. Brou; with amendments (Rept. No. 91-1638). 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. BROYHILL of North Carolina: H.R. 19883. A bill to amend the Consolidated Farmers Home Administration Act of 1961 to authorize loans for rural community centers and fire and rescue facilities, and for other purposes; to the Committee on Agriculture

By Mr. KASTENMEIER: H.R. 19884. A bill to provide relief in patent and trademark cases affected by the emergency situation in the U.S. Postal Service which began on March 18, 1970; to the Committee on the Judiciary.

By Mr. McMILLAN (for himself and Mr. Fuqua):

H.R. 19885. A bill to provide additional revenue for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. PELLY:

H.R. 19886. A bill to amend the act of August 27, 1954 (commonly known as the Fishermen's Protective Act) to conserve and protect Atlantic salmon of North American origin; to the Committee on Merchant Marine and Fisheries.

By Mr. SKUBITZ (for himself, Mr. SEBELIUS, and Mr. WINN):

H.R. 19887. A bill to amend the Public Health Service Act to authorize the assignment of commissioned officers of the Public Health Service to areas with critical medical manpower shortages, to encourage health personnel to practice in areas where shortages of such personnel exist, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STUBBLEFIELD:

H.R. 19888. A bill to provide for the inspection of certain egg products by the U.S. Department of Agriculture; restriction on the disposition of certain qualities of eggs; uniformity of standards for eggs in interstate or foreign commerce; and cooperation with State agencies in administration of this act; and for other purposes; to the Committee on Agriculture.

By Mr. FOLEY (for himself and Mr. QUIG):

H.R. 19889. A bill to amend the Food Stamp Act of 1964, as amended; to the Committee on Agriculture.

By Mr. KUYKENDALL (for himself, Mr. BLANTON, Mr. JONES of Tennessee, Mr. FULTON of Tennessee, Mr. FALLON, Mr. BLATNIK, Mr. JONES of Alabama, Mr. KLUCZYNSKI, Mr. WRIGHT, Mr. GRAY, Mr. CLARK, Mr. EDMONDSON, Mr. JOHNSON of California, Mr. DORN, Mr. HENDERSON, Mr. OLSEN, Mr. ROBERTS, Mr. MCCARTHY, Mr. KEE, Mr. HOWARD, Mr. ANDERSON of California, Mr. CAFFERY, Mr. ROE, Mr. CRAMER, and Mr. HARSHA):

H.R. 19890. A bill to name a Federal building in Memphis, Tenn., for the late Clifford Davis; to the Committee on Public Works.

By Mr. KUYKENDALL (for himself, Mr. GROVER, Mr. CLEVELAND, Mr. DON H. CLAUSEN, Mr. MCEWEN, Mr. DUNCAN, Mr. SCHWENDEL, Mr. DENNEY, Mr. McDONALD of Michigan, Mr. HAMMERSCHMIDT, Mr. BROCK, and Mr. ANDERSON of Tennessee):

H.R. 19891. A bill to name a Federal building in Memphis, Tenn., for the late Clifford Davis; to the Committee on Public Works.

By Mr. PEPPER:

H.R. 19892. A bill to declare a portion of the Oleta River in Dade County, Fla., non-navigable; to the Committee on Interstate and Foreign Commerce.

By Mr. ARENDS:

H. Con. Res. 789. Concurrent resolution to provide for the printing of the prayers offered by the Chaplain as a House document; to the Committee on House Administration.

By Mr. FINDLEY (for himself and Mr. CHAMBERLAIN):

H. Res. 1289. A resolution; support for efforts to rescue American prisoners of war incarcerated in North Vietnam; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLARK:

H.R. 19893. A bill for the relief of Laszlo Toth and his wife, Maria Toth; to the Committee on the Judiciary.

By Mr. CRAMER:

H.R. 19894. A bill for the relief of Charles A. Pfleiderer; to the Committee on the Judiciary.

By Mr. TALCOTT:

H.R. 19895. A bill for the relief of Mrs. Doi thi Thuong Nga; to the Committee on the Judiciary.

H.R. 19896. A bill for the relief of Duc Mau Nguyen and his wife, Hein Thi Ngo Nguyen; to the Committee on the Judiciary.

By Mr. WHITE:

H.R. 19897. A bill for the relief of the Howrey Lumber Co.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, 642. The SPEAKER presented a petition of the Iowa Democrat House Caucus, relative to the supersonic transport; to the Committee on Appropriations.

EXTENSIONS OF REMARKS

THE SON TAY MISSION—A RAY OF HOPE

HON. CLIFFORD P. HANSEN

OF WYOMING

IN THE SENATE OF THE UNITED STATES
Tuesday, December 1, 1970

Mr. HANSEN. Mr. President, in the judgment of many Americans, the major success of the Son Tay mission was not in showing the enemy that such a mission could be conducted in their home territory, but in giving a ray of hope to all Americans held prisoner that there will be no rest among their fellow Americans until those held prisoner are brought to safety.

The brave volunteers who participated in the mission showed their comrades in arms held captive that efforts will

continue to secure their release, regardless of risk. I am proud, indeed, that one of the volunteers in the Son Tay raid is from Lander, Wyo., Sgt. Franklin D. Roe. I am confident that Sergeant Roe volunteered because he is one of the millions of Americans who realize how much it can mean to those Americans held prisoner to know that their country has not forgotten them.

An article by Ray Cromley, himself a prisoner of the Japanese during World War II, published in the Washington Daily News November 30, does much to describe what the Son Tay raid has, in my opinion, done for the morale of American men who have been held by the enemy for as long as 5 years.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

WHY RAY CROMLEY WROTE THIS

Ray Cromley, who is Washington correspondent for the news syndicate, Newspaper Enterprise Assn., was a correspondent for the Wall Street Journal in Tokyo on the day of the Pearl Harbor attack. On that day he was arrested and held in Nishi Sugamo Prison, in Tokyo.

He was tried, convicted of "sending information to the United States which could be used against the national defense of Japan" and sentenced to 1½ years in prison. An exchange of prisoners was arranged between the United States and Japan in July, 1943. He was moved into Sumire Concentration Camp about one week before exchange and was brought home—to New York—along with other exchangees on the SS Gripsholm in September, 1942.

Mr. Cromley grew so thin in prison that he couldn't keep his pants up, but after