ADJOURNMENT UNTIL 9 A.M.

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

The motion was agreed to; and (at 6 o'clock and 32 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, June 8, 1971, at 9 a.m.

NOMINATION

Executive nomination received by the Senate June 7, 1971:

COUNCIL OF ECONOMIC ADVISERS

Ezra Solomon, of California, to be a member of the Council of Economic Advisers, vice Hendrik S. Houthakker.

HOUSE OF REPRESENTATIVES—*Monday, June 7, 1971*

The House met at 12 o'clock noon.

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

Agree with one another, live in peace, and the God of love and peace will be with you.—II Corinthians 13: 11.

Almighty and eternal God, our hearts rejoice and our spirits take courage when we remember that Thou art with us seeking to lead us along the way of truth and love. May the consciousness of Thy presence and the assurance of Thy goodness live in us all the day long.

Bless our beloved country with Thy favor and keep her faithful in her mission to preserve freedom, to promote freedom, and to proclaim freedom to all the world.

Be with the men and women who serve in our Government, and in our Armed Forces, particularly our prisoners of war. Inspire them with a faith that is strong and steadfast as we seek the end of war, the coming of peace, and the release of the captives.

In the spirit of the Prince of Peace, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 6359. An act to amend the Water Resources Planning Act to authorize increased appropriations.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 493. An act to authorize and direct the Secretary of Agriculture to classify as a wilderness area the national forest lands adjacent to the Eagle Cap Wilderness Area, known as the Minam River Canyon and adjoining area, in Oregon, and for other purposes.

THE THREE R'S

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

Mr. BRINKLEY. Mr. Speaker, how the Supreme Court of the United States can rationalize its sectional decrees in the field of education is beyond credibility. For the South, it says busing may be implemented to achieve racial balance; yet for the North the all-black schools of Chicago and Washington and New York and Philadelphia and Detroit and Cleveland and Boston and Pittsburgh and Newark and Baltimore and Cincinnati, based on housing patterns are just fine.

What do they think exists in Columbus, Ga., except the same type housing patterns? We choose where we live, commensurate with our ability to afford it, based specifically on the considerations of school area, church affiliation, nearness to friends and the like—just as our friends in New York City do. The legal background of statutory law and the technical distinctions between the North and South, made thereupon, constitutes a continuing judicial reconstruction of the South.

Mark it well. Those technicalities upon which different standards are based, one for the North, another for the South, are oppressively invalid.

In the words of Justice Louis D. Brandeis:

> They [the Founding Fathers] conferred, as against the Government, the right to be let alone—the most comprehensive of rights and the right most valued by civilized men.

That is all we ask—to be let alone; without the yoke of judicial oppression and authoritarian decrees which convert personal rights into personal duties.

FLAUNTING OF ENEMY FLAG SHOULD BE MADE A CRIMINAL OFFENSE

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

Mr. FISHER. Mr. Speaker, a number of bills have been introduced to make it a criminal offense to publicly display the flag of the Vietcong or of the Government of North Vietnam during the time hostilities continue with those people, or while American prisoners are held by them.

I have offered a similar measure, but have made the offense apply to such a display of the flag of any nation or group which engage in armed conflict with American forces.

Recently when the pro-Hanoi May Day demonstrations were taking place in Washington, scores of enemy flags were flaunted by alleged war protesters. Regardless of what they may call themselves, they are in fact the traitors to our Government, and enemies of the American people. They should be dealt with accordingly.

Let us hope the Committee on the Judiciary will act promptly on the pending bills. This kind of infamous conduct simply cannot be tolerated by a decent self-respecting society. Those who pay tribute to an enemy flag should be prosecuted for such seditious assault upon American sovereignty. In order to do that the pending legislation needs to be enacted.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

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

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

There was no objection.

HEARINGS ON TREATMENT AND REHABILITATION OF NARCOTIC ADDICTS

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

Mr. EDWARDS of California. Mr. Speaker, I would like to announce that Subcommittee No. 4 of the Committee on the Judiciary has scheduled a series of public hearings on various proposals to provide for the treatment and rehabilitation of narcotic addicts. Included among these proposals are: H.R. 1540, H.R. 5612, H.R. 8389, H.R. 284, and a number of companion bills.

These hearings will begin on June 23, 1971, at 10 a.m., room 2141, Rayburn House Office Building, at which time congressional witnesses will be heard. Government witnesses will be heard at hearings on June 30 and July 1, 1971. Public witnesses will be scheduled at a later date.

Those wishing to testify or to submit statements for the record should address their requests to the Committee on the Judiciary, House of Representatives, room 2137, Rayburn House Office Building.

LIMIT TERMS OF CERTAIN GOVERNMENT OFFICIALS

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

Mr. THOMPSON of Georgia. Mr. Speaker, I noticed in the news over the weekend that the junior Senator from

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Minnesota has stated that we should limit the terms of people in Government who have a great deal of power. He specifically singled out the head of the FBI, the head of the Central Intelligence Agency, and the Chairman of the Joint Chiefs of Staff.

In his statement, he said these men had great amount of information and their terms should be limited just as is the President. If he would include the Supreme Court Justices in this, Mr. Speaker, I might well join with the Senator in this endeavor.

EXTREMISM FROM THE LEFT

(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, in the atmosphere of tension that prevails in many areas of the country the use of reckless extremism in speech is regrettable for it only makes things more difficult for all concerned. It is particularly deplorable when it comes from persons in positions of so-called leadership whether on the right or left.

An example of extremist language from the left occurred on Wednesday last, when Joseph Rauh, Jr., charged the Attorney General of the United States with having given "aid and comfort to those who would defy the law." Such ridiculous extremism in statement is deliberately provocative as well as patently false. No man more responsibly fights the good fight for fairness, justice, and restraint in our society than Attorney General John Mitchell.

It is unfortunate that certain individuals in certain organizations seem to feel the need to make such reckless untruths to attract attention, or to perpetuate themselves in office. Deliberate undermining of the processes of justice in this country deserves more tangible disapproval than a simple characterization as cheap talk.

It can be highly expensive talk for all concerned citizens who truly seek brotherhood, understanding, restraint and meaningful social progress in the United States. It is to be fervently hoped that the American public will recognize soon that those who are guilty of peddling such verbal garbage do a disservice to the organizations they represent as well as the Nation as a whole.

CONSENT CALENDAR

The SPEAKER. This is the day for the call of the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

PROVIDING A MORE EQUITABLE STANDARD FOR AWARDING GOLD STAR LAPEL BUTTON

The Clerk called the bill (H.R. 803) to amend title 10 of the United States Code to provide a more equitable standard for awarding gold star lapel button.

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

H.R. 803

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 1126 of title 10, United States Code, is amended to read as follows:

"(a) A lapel button, to be known as the gold star lapel button, shall be designed, as approved by the Secretary of Defense, to identify widows, parents, and next of kin of members of the armed forces of the United States—

"(1) who lost or lose their lives during World War I, World War II, or during any subsequent period of armed hostilities in which the United States has been, or may be, engaged; or

"(2) who lost or lose their lives after June 30, 1958, while serving with friendly foreign forces engaged in an armed conflict in which the United States is not a belligerent party against an opposing armed force."

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.

REPEALING CERTAIN SECTIONS OF THE CODE WITH RESPECT TO PILOT RATING REQUIREMENTS FOR MEMBERS OF THE ARMED FORCES, AND INSERTING A NEW SECTION

The Clerk called the bill (H.R. 7950) to repeal sections 3692, 6023, 6025, and 8692 of title 10, United States Code, with respect to pilot rating requirements for members of the Army, Navy, Marine Corps, and Air Force; and to insert a new section 2003 of the same title.

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

H.R. 7950

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 353 of title 10, United States Code, is amended as follows:

(1) Section 3692 is repealed.

(2) The analysis item relating to section 3692 is repealed.

SEC. 2. Chapter 555 of title 10, United States Code, is amended as follows:

(1) Section 6023 is repealed.

(2) Section 6025 is repealed.

(3) The analysis items relating to section 6023 and to section 6025 are repealed.

SEC. 3. Chapter 853 of title 10, United States Code, is amended as follows:

(1) Section 8692 is repealed.

(2) The analysis item relating to section 8692 is repealed.

SEC. 4. Chapter 101 of title 10, United States Code, is amended as follows:

(1) A new section 2003 is inserted to read as follows:

"§ 2003. Aeronautical rating as pilot: qualifications

To be eligible to receive an aeronautical rating as a pilot in the Army or Air Force or be designated as a naval aviator, a member of an armed force must successfully complete an undergraduate pilot course of instruction prescribed or approved by the Secretary of his military department."

(2) An analysis item relating to section 2003 is inserted to read as follows:

"§ 2003. Aeronautical rating as pilot; qualifications."

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

EXPANSION OF AGRICULTURAL EXPORTS

The Clerk called the bill (H.R. 1161) to amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove certain restrictions against domestic wine under title I of such act.

Mr. HALL. Mr. Speaker, inasmuch as this bill is scheduled under suspension of the rules and there is some controversy about the jurisdiction, 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.

CALIFORNIA PEACH ADVERTISING UNDER FEDERAL MARKETING ORDERS

The Clerk called the bill (H.R. 4263) to add California-grown peaches as a commodity eligible for any form of promotion, including paid advertising, under a marketing order.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. HALL. Mr. Speaker, reserving the right to object, I would like to ask why there might be—or could be—any cost to the Federal Government under this particular which, I believe, is quite contrary to other marketing orders which this House has passed. I believe most are financed by deduction from sales profits.

The SPEAKER. The gentleman from Missouri has reserved the right to object and has asked a question. To whom is the gentleman addressing his question?

Mr. HALL. Mr. Speaker, if there is no one here present, 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.

STATE AND LOCAL LAW ENFORCEMENT IN NATIONAL FORESTS

The Clerk called the bill (H.R. 3146) to authorize the Secretary of Agriculture to cooperate with the States and subdivisions thereof in the enforcement of State and local laws, rules, and regulations within the national forest system.

Mr. HALL. Mr. Speaker, inasmuch as this exceeds the agreed upon criteria for bills on the Consent Calendar to the extent of $39,061,000 toto and $4,700,000 for the first year, I respectfully 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.

AIR CRASH COULD HAVE BEEN AVOIDED

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

Mr. ROGERS. Mr. Speaker, the tragic crash yesterday over the skies of California between a Navy F–4 Phantom jet with a crew of two and a Hughes Air West DC–9 with 43 passengers and a crew of five could have been avoided.

The crash could have been avoided if the Federal Aviation Administration, the airline industry and the Department of Defense had acted to implement mid-air collision avoidance systems which are available to commercial aircraft and to military fighters, such as the F–4 Phantom.

Only last Thursday, I stood here on the floor of the House and urged the FAA and the airline industry to take action to place collision avoidance systems on the approximately 2,000 commercial aircraft operating in domestic aviation and to install the necessary ground stations.

Likewise, the Department of Defense should act to procure available collision avoidance systems for its aircraft.

The state of the art is such that collision avoidance systems can be obtained from a number of manufacturers and I do not believe that we can continue to risk passenger safety in light of the tragic crash of yesterday and the more than 4,000 near misses which occur annually over the skies of the United States.

The negligence of the Department of Defense, the domestic airline industry and the FAA has resulted in the loss of 49 lives. How many more will have to perish before action is taken?

TRIBUTE TO AUDIE MURPHY, WORLD WAR II HERO

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

Mr. ARCHER. Mr. Speaker, today America buries one of her greatest wartime heroes in Arlington National Cemetery, with full military honors. Audie Murphy's heroism did not stem from one courageous act—his service in World War II was a continuing story of a bravery under fire that earned him 24 medals, including our highest award, the Congressional Medal of Honor. Murphy's fame as this country's most decorated soldier of World War II cast him into the hero's limelight in America. It was a spot which he never found very comfortable, because Audie Murphy possessed, along with his selfless valor, an uncommon humility. He did not parade behind his medals; in fact, he gave most of them away years ago. And despite Hollywood glorification of his role in the war, he remained soft spoken and modest.

Perhaps this is part of the reason why insufficient recognition has been given to this great patriot since his tragic death last week. Another reason may be attributed to this age of antiheroes and dissent, in which those who contributed so much and risked so much in the defense of their country are forgotten.

But we shall not forget Audie Murphy, a great Texan and courageous American, who was the living epitome of the storybook hero. I join with my colleagues in expressing my deepest sympathy to his family for their tragic loss.

AUTHORIZING THE ACCEPTANCE, BY THE JOINT COMMITTEE ON THE LIBRARY ON BEHALF OF THE CONGRESS, FROM THE U.S. CAPITOL HISTORICAL SOCIETY, OF PRELIMINARY DESIGN SKETCHES AND FUNDS FOR MURALS IN THE EAST CORRIDOR, FIRST FLOOR, IN THE HOUSE WING OF THE CAPITOL

Mr. NEDZI. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 169), authorizing the acceptance, by the Joint Committee on the Library on behalf of the Congress, from the U.S. Capitol Historical Society, of preliminary design sketches and funds for murals in the east corridor, first floor, in the House wing of the Capitol, and for other purposes.

The Clerk read as follows:

H.J. RES. 169

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the Joint Committee on the Library is hereby authorized to accept on behalf of the Congress, as a gift from the United States Capitol Historical Society, preliminary design sketches prepared by Allyn Cox, artist of New York City, intended as a basic design for mural proposed to be painted on the ceiling and walls of the east corridor, first floor, in the House wing of the United States Capitol.

SEC. 2. Notwithstanding any other provision of law, the Architect of the Capitol is authorized—

(1) to accept in the name of the United States from the United States Capitol Historical Society the sum of $80,000, and such other sums as such society may tender, and such sum or sums, when so received shall be credited to the appropriation account "Capitol Buildings, Architect of the Capitol"; and

(2) subject to section 3 of this joint resolution, to expend such sum or sums for employment, by contract of Allyn Cox, artist of New York City, for the execution by him of mural decorations on the ceiling and walls of the east corridor, first floor, in the House wing of the United States Capitol, in substantial accordance with the preliminary design sketches referred to in the first section of this joint resolution, after the acceptance by the Joint Committee on the Library, and for all necessary items in connection therewith, subject to such modifications thereof as may be approved by such joint committee.

SEC. 3. The Architect of the Capitol, under the direction of the Speaker of the House of Representatives, is authorized to enter into contracts and to incur such other obligations and make such expenditures, as may be necessary to carry out the purposes of this joint resolution.

SEC. 4. Sums received under this joint resolution, when credited to the appropriation account "Capitol Buildings, Architect of the Capitol", shall be available for expenditure and shall remain available until expended. Any net monetary amounts remaining after the completion of the project authorized by this joint resolution and in excess of the cost of such project shall be returned to the United States Capitol Historical Society.

The SPEAKER. Is a second demanded?

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

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

There was no objection.

Mr. NEDZI. Mr. Speaker, I yield myself such time as needed.

Mr. Speaker, House Joint Resolution 169 authorizes the Joint Committee on the Library to accept on behalf of the Congress preliminary design sketches prepared by artist Allyn Cox, of New York. The sketches are intended as a basic design for art work in the form of murals proposed to be painted on the ceiling and walls of the east corridor, first floor, in the House wing of the Capitol. This is the corridor extending from the office of the House Sergeant at Arms to the entrance of the House dining room.

It was the original intent of Congress to provide for the installation of murals in the first-floor House corridor in a manner similar to the murals on the Senate side. But, due to a lack of funds, the House project was never begun and has been dormant for many years. However, at this time the U.S. Capitol Historical Society has agreed to absorb the cost, estimated by Mr. Cox at $80,000.

Artist Cox, a distinguished muralist, completed the frieze in the National Capitol rotunda in 1953 and, in 1959, restored the Brumidi fresco in the Capitol dome. Mr. Cox will assume all responsibility for technical details connected with this project, and envisions completion in approximately 1 year from the acceptance of the finished sketch.

The Architect of the Capitol is authorized by the resolution to accept in the name of the United States the sum of $80,000, and such other sums as may be tendered, as a gift from the Capitol Historical Society. The Architect is authorized to utilize the donation to pay the costs of mural decorations on the ceiling and walls of the aforementioned corridor, as executed by Artist Cox, and to enter into contracts, incur obligations, and make such expenditures as may be necessary to carry out the purposes of this joint resolution. The Joint Committee on the Library would have the authority to accept the preliminary design sketches and to approve any modifications deemed appropriate.

Any unexpended funds remaining in the account at the completion of the project would be returned to the Capitol Historical Society.

This proposal has received the enthusiastic approval of the committee and of other interested parties. I urge its final approval.

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

Mr. NEDZI. I am pleased to yield to the gentleman from Iowa.

Mr. GROSS. Aside from the $80,000, can the gentleman give us any estimate of further money requirements.

Mr. NEDZI. As I mentioned it, there is no other requirement. This is going to be the total cost.

Mr. GROSS. A total cost of $80,000?

Mr. NEDZI. This is what has been represented to the committee.

Mr. GROSS. I thank the gentleman.

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

First I want to commend the chairman of the subcommittee that is handling this bill today. He has been most fair and very thorough in presenting the proposal to the subcommittee, and to the committee where it passed unanimously. His presentation here today is correct, adequate,

and very clearly and succinctly presented.

The historical society, because of courtesies extended by the House, has had an opportunity to make unusual. and, we believe, good publications available to the traveling public that visit here. The sales of our products bring modest profit to the society. This profit and the donations from many people who are active members of the U.S. Capitol Historical Society makes it possible for us to make this contribution to the Capitol.

There are other more modest contributions we have made to the Capitol. The record of these can be found in the record of the society.

The Members of the House will be interested in knowing that probably next week we will send a manuscript to Oklahoma Press for a book which will become a bibliography of the Capitol. The Capitol has been here since 1800, and no one ever thought about writing a bibliography. The historical society has expended probably $100,000 on that. This will be a magnificent contribution for students and others who want to study history and prepare papers, articles, and, indeed, write books about the history that has been made in this arena. Incidentally, we have some rather ambitious plans on how we can promote a better understanding of the magnificent story that is America and should be unfolded about this center of activity we call the Capitol.

Mr. Speaker, I yield to the distinguished gentleman from Pennsylvania (Mr. FLOOD).

Mr. FLOOD. Mr. Speaker, as the gentleman from Iowa knows well, and as you do, Mr. Speaker, I have been deeply concerned with the purposes of this resolution and with the U.S. Capitol Society which has been responsible for bringing this resolution to the floor today.

If I could name this day, Mr. Speaker, I would call this "FRED SCHWENGEL Day." This is the Fred Schwengel resolution; let us not make any mistake about that.

He is a very quiet, low-keyed, modest gentleman, and I believe it is incumbent upon me, who knows what he has done so well, to say this. It is fitting that these recommendations be made today and also with respect to the society for bringing this to us, because no group other than this and no person other than FRED SCHWENGEL are as responsible for what is being done. I am sure this will be enacted.

Mr. Speaker, as you can imagine, I have prepared not only extended but extensive remarks on FRED SCHWENGEL, on the committee, and on the purposes of this resolution.

The history of civilization is, in large measure, the history of cities—of great, complex communities of men and women, of industry and art, of enterprise and leisure. From the beginning of recorded time and the emergence of the city-State, the creative life of man has been very largely the product of what Lewis Mumford has called "the culture of cities." Such great cities as Athens and Sparta, Nineveh, and Babylon, Carthage and Rome mark the story of human achievement.

The rise of great national states and empires saw certain cities become capital cities, centers of activity for whole areas, and of these the official residence of government became the capital. The story of mankind is, in part, the story of great capitals—cities in which the instruments of civil authority were developed and refined, cities in which the arts of government took deep root and flourished. What a range of dramatic and colorful association come to mind when we recall the very names of these capitals: Paris, Vienna, Madrid, London, and many more, from the mysterious "hidden city" of Lhasa to the strikingly modern creation of Brazilia. To a very large extent, the history of nations and peoples is bound up with capital cities, the seats of administration and the centers of national ideals and aspirations.

We Americans are no exception in this respect. Our Capital City, too, symbolizes the most precious values of our relatively short history: less than two centuries. Yet, in that brief time, this country has given new meaning and fresh vitality to the most ancient and universal longings of man—for freedom and for justice. Rightly do we take pride in all that America has come to represent of hope and fulfillment for the aspiration of millions. This Capital City—named for one of history's greatest leaders, a man passionately dedicated to what a later President described as government of, by, and for the people—embodies for all the world to see the challenging truth that free men can rule themselves wisely and well.

If we were to settle upon some one symbol of America, some one building which stands before our people and all the world as the ensign of our national life, surely it would be this very Capitol Building wherein we are privileged to meet.

It is natural enough—

Wrote one of America's finest novelists, Hawthorne, as long ago as 1862—

to suppose that the center and heart of America is the Capitol . . . certainly, in its outward aspect, the world has not many statelier or more beautiful edifices.

Its special qualities of dignity, harmony, and utility bespeak the strength of popular government and the heritage of the Roman Republic and the Greek democracy, fitly framed together by the fathers of this country. The best-loved and most-revered building in America, the Capitol, in the words of a distinguished contemporary historian, Allan Mevins, "is history; it is the major symbol of the Nation, full of minor symbols; but above all it is a mighty engine, tended and kept throbbing by the indefatigable efforts of a select assemblage which represents far more our national strengths than our national weaknesses." I have spoken of Washington in the context of other great capital cities, past and present. And yet there remains something unique which sets it apart from all other cities—namely, the ideal of freedom and the majesty of democratic government established in this Nation, indivisible, under God, with justice and liberty for all.

How fitting it is, then, that we should pay special recognition to those who have made the restoration, preservation, and enhancement of the Capitol their chief concern. I speak, of course, of the U.S. Capitol Historical Society, whose work we honor, and of our colleague, the Honorable FRED SCHWENGEL, whose dedication of the society and its high purpose has played so significant a part in helping to realize its goals. The Capitol Historical Society formally presented its proposals for decoration of the Capitol Building's House side by one of America's most distinguished mural painters, Allyn Cox, whose work—if it is accepted—will complement the famous Brumidi murals on the Senate side. Mr. Cox is no stranger to the Capitol he completed the historical fresco in the rotunda, he cleaned and restored the original fresco, and he repaired and restored Brumidi's work in the canopy of the dome and in the House Restaurant. The projects scheme for decoration of the corridor leading to the restaurant will highlight Capitol history through a unified plan designed to reconcile the irregularities of the site and harmonize with the original work of Latrobe, Walter, Brumidi, and the like. In quality and in motif the proposed artwork is wholly consistent with the objectives and standards of the Capitol Historical Society—to preserve and display the history of the Capitol, and, therefore, of the Nation, for all our people. To this end the society has made a commitment of $80,000.

I mention this program because it so well illustrates the kind of concern characteristic of the Capitol Historical Society and, further, because it represents the tireless energy and the enthusiasm of those who have labored through the year to make the Capitol a continuing source of pride and edification for all. Foremost among many stands the name of FRED SCHWENGEL.

It was in 1954 that a chance meeting between Mr. SCHWENGEL and the late Speaker Rayburn resulted in that chain of events which culminated in 1962 with the forming of the historical society, in response to a widely felt need and in recognition of the Capitol's unique status as—in Mr. Rayburn's vivid phrase—"as living history book." With FRED SCHWENGEL as its first president, the society, through the generous response of the National Geographic Society—which in addition to underwriting the entire cost, provided a writer and two researchers—entered upon a publication and research program which eventually took impressive form in the distinguished volume, "We the People: the Story of the United States Capitol." An unprecedented feature—requiring the unanimous consent of both Houses—was the photograph of both Senate and House in session. The story of this period in the society's young life can best be told by FRED SCHWENGEL himself for he was the principal mover, sustained through many difficult situations by his unshakeable faith in the project and his quiet, patient determination to see it through. Perhaps the most dramatic and poignant event was the "stop the press run" on the first edition when the tragic news of President Kennedy's death struck. Book No. 1 was presented in time to President Johnson instead, and a special book—numbered 0—to Mrs. Kennedy.

There have been seven editions pub-

lished—some 2,400,000 copies—at an expense of $303,000; all of the contracted obligations have been met by the society, whose total assets today are estimated at $500,000—plus $200,000 in the bank. The society is solvent, vigorous, and creative. In 1971, the University of Oklahoma will publish a notable Capitol bibliography with an introduction by Prof. Henry Commanger. The long-term vision of the society is even more ambitious and represents a fourfold program designed to enable the society to fulfill its goals ever more effectively. The sum of $10 million will make possible:

First, the purchase and placing of light and power equipment at the east front of the Capitol to tell its history in the sophisticated audiovisual terms appropriate to the present day and to the future;

Second, the establishment of a fund to maintain this audiovisual equipment;

Third, the showing of a special film on the Capitol to its visitors, who include citizens from every walk of life in this land and guests from abroad; and

Fourth, the creation of a permanent endowment fund of $2½ million for future research and study—to support, for example, a proposed history of the Speaker's office.

I believe that all who are familiar with the society and its work will share my confidence that these goals will eventually be attained.

It is that spirit of faith and confidence that has sustained the society from its beginnings to the present day. It is that spirit—so typically American—that we honor today in citing the leadership and dedication of FRED SCHWENGEL and in support of this resolution. To this cause he has brought a deep personal belief in the exciting possibilities of the Capitol as a center of research and study. He has foreseen not merely a museum or an academy, but, truly, a "living history book," nurturing genuine patriotism, a source of continuing inspiration to all our people and to the world at large. His contacts with prominent American writers, poets, historians—one thinks of Carl Sandburg, and David Mearns—have kept him in touch with the current of intellectual and cultural life. His own collection of Americana—especially historical material pertaining to the Capitol—has had an influence almost impossible to measure insofar as it helped inspire the founding of the Capitol Historical Society. He has given tirelessly of himself—including some 3,000 hours of research on the "We, the People" calendar, with its history lesson a day for all the year. He was responsible for the basic research and the design on the "Coloring Book (Our Nation's Capitol)," winner of the 1965 Freedoms Foundation Award. If, as Emerson wrote, history is the shadow of great men, surely the history of the Capitol Historical Society reflects the imprint of FRED SCHWENGEL'S personality and character. We are all in his debt.

These are troubled times for our beloved land and, indeed, for the whole world community. In the Book of Proverbs is written:

Remove not the ancient landmark, which thy fathers have set.

In heeding that counsel of old, FRED SCHWENGEL has helped to preserve and to strengthen the unique and precious heritage which is ours as Americans. We shape our buildings, said Winston Churchill, and afterward they shape us. So may it with our Capitol: may it stand for centuries to come that generations yet unborn may enter into the legacy of freedom with which the Living God has crowned this land. So may we who are privileged to sit here in Congress, so may all who shall look upon it, pray the ancient prayer that binds the ages each to each:

As God was with our fathers, so may He be with us.

Mr. SCHWENGEL. Mr. Speaker, I, of course, want to thank the gentleman from Pennsylvania for his eloquent statement about our contributions to a better understanding of history. His references to the U.S. Historical Society and his comments and commendations on our program is very much appreciated.

Mr. Speaker, I must add that one reason we can do the thing that the gentleman is commenting about is because we can call upon the great reserve of talent that prevails here in the House and in the other body. Always we get the finest cooperation in the promotions of the history programs that we have launched, but there never has been one who has been more willing and more cooperative in many ways, more helpful with his observations and encouragement, than the gentleman from Pennsylvania. This thoroughness and helpful attitude is the character of the man. He has a responsible position in appropriations and can be most effective in presenting his case and the case of the committee before the Congress. He is respected as few men are and I am grateful for his friendship and I join his friends in a salute to him as well.

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

Mr. ANDERSON of Illinois. Mr. Speaker, I would certainly concur in the very eloquent remarks that have just been made by my colleague from Pennsylvania (Mr. FLOOD). I would perhaps even amplify what he has just said by suggesting in addition to this being Fred Schwengel Day in the U.S. Capitol we might refer to House Joint Resolution 169 as the Schwengel revenue-sharing bill.

This is because in this case we have a very noncontroversial proposition which involves sharing the revenue of the private purse, in other words, the private donations and voluntary gifts of American citizens in order to add something to the history of our Nation's Capitol. I know that many on the Committee on House Administration should be congratulated for their work on this particular resolution, but I think most of us here would also gladly acknowledge the fact that there is no man on either side who has more boundless enthusiasm, more really heartfelt regard for the U.S. Capitol and for the historical significance that it has and the very important part it plays in the life of our Nation than the distinguished gentleman from Iowa (Mr. SCHWENGEL).

Mr. Speaker, I was reading a very excellent column over the weekend called "To the Class of '71" by Mr. James Reston. In it he quotes from a statement made by the distinguished philosopher, Walter Lippman, many years ago. He said:

What is left of our civilization will not be maintained, what has been wrecked will not be restored, by imagining that some new political gadget can be invented, some new political formula improvised, which will save it. Our civilization can be maintained and restored only by remembering and rediscovering the truths, and by reestablishing the virtuous habits on which it was founded. There is no use looking into the blank future for some new and fancy revelation of what man needs in order to live.

The revelation has been made. By it man conquered the jungle about him and the barbarian within him. The elementary principles of work and sacrifice and duty—and the transcendent criteria of truth, justice, and righteousness, and the grace of love and charity—are the things which have made men free. Men can keep their freedom and reconquer it only by these means. These are the terms stipulated in the nature of things for the salvation of men on this earth, and only in this profound, this stern, and this tested wisdom shall we find once more the light and courage we need.

It seems to me that to the extent to which, by the kind of effort that the gentleman from Iowa is making to encourage love, respect, and devotion for this national shrine, the Capitol of the United States, to the extent to which he is accomplishing this purpose he is playing a very important part in the business of trying to rediscover some of those historical truths on which our Nation was founded. So I commend him for the effort that he has made over the years and the work he has done in bringing this resolution to the floor of the House today.

Mr. SCHWENGEL. Mr. Speaker, I thank the gentleman from Illinois very much for his kind remarks regarding my own interest and activity in the society and the work of the Congress. He, along with other Members of Congress on both sides of the aisle—Republican and Democrat—has been most helpful and encouraging as we have launched our various programs to help the public and Americans understand the history of our country better. The gentleman from Illinois, as all of us know, is one of the outstanding legislators who has a great feeling for things that are right and good for America. No man is more dedicated to American ideals than he is. I thank the gentleman very much for his remarks, for his contributions, and for, I am sure, his continued interest.

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, House Joint Resolution 169 is a historic document. By virtue of this legislation, we will make a signicant contribution to the history of the U.S. Capitol. We have the opportunity to preserve a bit of Americana—to capture the spirit of this Nation in murals within the Capitol.

The U.S. Historical Society has given to the Nation a gift of some $80,000 to pay the costs of mural decorations on the ceilings and walls of the east corridor on the first floor—near the House Restaurant where many, many visitors tour.

As a member of the Executive Board of the U.S. Capitol Historical Society, I am especially proud of the purpose behind the gift. Ours is the responsibility of preserving and recording the history behind this magnicant hall of Government.

This gift will enable us to complete a job that started in 1904 and has yet to be completed. Just after the turn of the century, the House authorized the murals to be painted on the ceiling in the east corridor. However, the authorization became entangled in a controversy over another and unrelated appropriations matter—thus, the appropriations were never put into final form.

I think 67 years is long enough to wait for our money—the beauty now is that the funds come as a gift.

The murals are to be done by a man completely familiar with the Capitol and its historic art—he is Mr. Allyn Cox, of New York, and he is the same man who completed the freize in the Capitol rotunda in 1953.

Then, in 1959, Mr. Cox also restored the Brumidi fresco in the Capitol Dome. According to Mr. Cox's estimates, the new art work could be completed within a year.

I urge the Congress accept this gift by unanimous vote. And I congratulate the Historical Society for their gift and their tireless concern for the Nation's Capitol. Congressman FRED SCHWENGEL especially deserves the thanks of his colleagues, and the thanks for all Americans for his untiring efforts to preserve the history of the U.S. Capitol and related buildings and activities. He is indefatigable. His efforts are effective. His contributions are tremendous.

Mr. SCHWENGEL. Mr. Speaker, I, of course, want to express my appreciation for the comments made by the gentleman from Texas. He can speak from experience because he is a member of the board of trustees of the society and a member of the executive committee with whom I meet periodically to discuss problems, to make plans, and to get approval for the functioning of business from time to time.

Mr. Speaker, the gentleman from Texas, is a historian in his own right and he, in various ways, has made his contribution to the society and the history of this arena.

Mr. Speaker, now at this point I should make clear to the membership the purposes of the society and some relevant facts regarding the U.S. Historical Society:

THE U.S. CAPITOL HISTORICAL SOCIETY

The United States Capitol Historical Society is an educational organization incorporated under the laws of the District of Columbia on August 8, 1962. Its membership is open to everyone, in the United States and elsewhere who wishes to foster an informed understanding of the inspiration and promise of American history.

The Society was founded by a group of devoted Americans, in and out of the Congress, who believe that the thrill they derive from the story of the United States can best be communicated, and the greatest sense of drama and conviction conveyed, if the Capitol edifice itself were made the focus of the Society's program. Within these walls a free people has expressed its collective will in terms of legislation that has shaken the world and advanced man's march toward individual dignity and material well-being. Here, art and architecture recall the leaders and issues that have shaped the Nation's destiny.

The Society hopes to spread the story of this extraordinary building among all Americans, and indeed among people everywhere who cherish freedom, in accordance with the words from Leviticus engraved on our Liberty Bell: "Proclaim liberty throughout all the land unto all the inhabitants thereof."

THE SOCIETY'S PURPOSE

As stated in its constitution, the purpose of the Society is:

"To encourage in the most comprehensive and enlightened manner and understanding by the people of the founding, growth and significance of the Capitol of the United States of America as the tangible symbol of their representative form of government; to undertake research into the history of the Congress and the Capitol and to promote the discussion, publication and dissemination of the results of such studies; to foster and increase an informed patriotism . . . (by) the study of this living memorial to the founders of this Nation and the continuing thread of principles as exemplified by their successors."

THE MEMBERSHIP

The Society's ambitious program makes it perhaps the most far-reaching organization in the United States. It has launched this program because it believes that the people should not only enjoy the privileges of freedom, but should also understand its history and meaning.

To extend its ranks as widely as possible, the Society provides in its constitution for different membership classifications, ranging from that of individuals—whether children or adults—to business firms, corporations, and other organizations. Contributions for memberships will be accepted in amounts from $1 to $1,000 or more. Contributors who join during the Society's first year will be honored as Founding Members. Children of up to high school age, as Junior Members, will pay $1; youths of high school and college age will be Student Members at $2. Supporting Members will pay $5, Contributing Members $10, Share Members $100, Patron Members $500, and Sustaining Members, $1,000. Organization Memberships are open to groups or firms which contribute $25 or more. Additional grants in any amount to help carry out the Society's programs and objectives will be welcomed. All payments to the Society, whether membership fees or donations, are tax deductible.

HOW THE SOCIETY WILL DO ITS JOB

With such fees and donations, the Society proposes to make the fullest possible use of mass-communications media in tracing the course of American history as reflected in the story of the Capitol.

Now underway is the preparation of a color-illustrated booklet that will describe the historic art and architecture of the building, and tell—through lively and informative incident and anecdote—of the great and small events that have left their imprints on this center of the American legislative system.

Arrangements will be made to present appropriate television and motion picture programs, both in short versions and feature spectaculars. Memorial reenactments of significant events are planned.

Special provisions will be made for the active participation of the nation's youth in various programs related to significant American events. Historical and biographical works will be encouraged, and writers will be assisted in collecting and verifying research material.

HOW THE SOCIETY IS MANAGED

The Society's constitution provides for an Active Board of Trustees, empowered to act on its behalf in daily operations, and for an Honorary Board of Trustees representing United States leadership in legislative, judicial, executive, and other fields.

The Active Board of Trustees controls the management of the affairs and funds of the Society under the well-defined laws of the Society's constitution and the District of Columbia. Its executive arm is an Executive Committee, made up of the Society's officers—President, five Vice Presidents, Treasurer, and Secretary.

The Society's present officers and the members of its Active Board of Trustees were elected by the men and women who responded to the founders' invitation to attend the organizational meeting. All active Trustees will serve for four years, after current rotating terms of one, two, three, and four years have expired. The Society's future officers will be elected annually by vote of the Active Board of Trustees.

The maximum membership of the Active Board is set at 24, minimum membership at 12, exclusive of the Society's eight officers, serving *ex officio* as the Board's Executive Committee.

None of the Society's officers or Trustees will be paid, but the officers may be reimbursed for expenses incurred in carrying out their duties.

THE ORIGINAL STAFF

The Society's constitution provides for the employment of an Executive Secretary on salary, and such other paid personnel as the Board of Trustees may find necessary. The Board fixes compensation, prescribes duties, and has the power of dismissal.

THE HONORARY BOARD OF TRUSTEES

This body sets the historic and objective tone of the Society. As representatives of national institutions and traditions, the members of the Honorary Board of Trustees bespeak the Society's high goals and its performance in the public interest. No provision in the Society's constitution is regarded with greater respect and obligation than the injunction that the Society's activities shall be kept wholly free from use for partisan or personal ends.

The Honorary Trustees include the President, the Vice President, and the Chief Justice of the United States; the Speaker of the House of Representatives; the Minority Leader of the Senate if he is not of the same political party as the Vice President, otherwise the Majority Leader of the Senate; the Chairman of the Senate Rules Committee; the Minority Leader of the House of Representatives; the Chairman of the House Administration Committee; and the Chairman of the Joint Committee on the Library.

The Honorary Board of Trustees also includes:

The Archivist of the United States; the Secretary of the Smithsonian Institution; the Architect of the Capitol; the Librarian of Congress, and representatives of the American Historical Association, Committee on Preservation of Historical Buildings of the American Institute of Architects, American Political Science Association, Columbia Historical Society, the National Trust for Historic Preservation, Society of Architectural Historians, Society of American Historians, American Association for State and Local History, and the National Park Service.

In recognition of his special contributions to the United States Capitol Historical Society, the organization's constitution specifies that the Honorable Senator Carl Hayden of Arizona shall be permanent Chairman of the Honorary Board of Trustees.

Mr. Speaker, it should be noted that from a very small beginning and small staff, we have grown and developed a very fine department of history. We are fortunate in having a young man, Mr. John Kerwood, become the editor and historian. His responsibilities have been to update and prepare the publication of the seventh edition of "We, The People," supervise the production of the "We, The People" calendar and is the chief editor of the Dome. In addition, he has been the director of the program to publish the bibliography as has already been mentioned. This will prove to be one of the fine contributions to those who want to research and study the history that has been made here in the Capitol.

Under his direction and with his counsel, rather sophisticated plans for the future have been laid out and are under consideration by the Board. They include the proposed development of a Capitol Historical Journal and an indepth study of the Members of the Congress through the years, and specific studies by graduate students under the direction of a Historical Board whose membership will be made up of noted historians to guide and direct such things as possible studies and articles and contributions to Government by the various committees of the House and Senate. Also under consideration will be a program to develop a film for visitors and, as mentioned by Congressman FLOOD, a program for sound and light on the east front of the Capitol.

An able and fine assistant for Mr. Kerwood is Miss Mary Organ who has been very helpful and cooperative in the evolvement of our program. She is a young lady of growing promise and great talent and we are looking forward to some magnificent contributions by her in the future.

Mr. Speaker, all in all we feel like our program has been very successful and is the result of fine cooperative spirit from the leadership who could from time-to-time and would give great, important and sympathetic consideration to the propositions and programs proposed by the Historical Society.

The SPEAKER. The question is on the motion of the gentleman from Michigan (Mr. NEDZI), that the House suspend the rules and pass the joint resolution House Joint Resolution 169.

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

A motion to reconsider was laid on the table.

AMENDMENTS TO THE WAGNER-O'DAY ACT

Mr. RANDALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8011) to amend the Wagner-O'Day Act and to extend its provisions relating to Government procurement of commodities produced by the blind to commodities produced by other severely handicapped individuals, and for other purposes, as amended.

The Clerk read as follows:

H.R. 8011

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to create a Committee on Purchases of Blind-made Products, and for other purposes", approved June 25, 1938 (52 Stat. 1196; 41 U.S.C. 46–48), is amended to read as follows:

"ESTABLISHMENT OF COMMITTEE

"SECTION 1. (a) ESTABLISHMENT.—There is established a committee to be known as the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped (hereafter in this Act referred to as the 'Committee'). The Committee shall be composed of fourteen members appointed as follows:

"(1) The President shall appoint as a member one officer or employee from each of the following: The Department of Agriculture, the Department of Defense, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Health, Education, and Welfare, the Department of Commerce, the Veterans' Administration, the Department of Justice, the Department of Labor, and the General Services Administration. The head of each such department and agency shall nominate one officer or employee in his department or agency for appointment under this paragraph.

"(2)(A) The President shall appoint one member from persons who are not officers or employees of the Government and who are conversant with the problems incident to the employment of the blind and other severely handicapped individuals.

"(B) The President shall appoint one member from persons who are not officers or employees of the Government and who represent blind individuals employed in qualified nonprofit agencies for the blind.

"(C) The President shall appoint one member from persons who are not officers or employees of the Government and who represent severely handicapped individuals (other than blind individuals) employed in qualified nonprofit agencies for other severely handicapped individuals.

"(b) VACANCY.—A vacancy in the membership of the Committee shall be filled in the manner in which the original appointment was made.

"(c) CHAIRMAN.—The members of the Committee shall elect one of their number to be Chairman.

(d) TERMS.—

"(1) Except as provided in paragraphs (2) and (3), members appointed under paragraph (2) of subsection (a) shall be appointed for terms of five years. Any member appointed to the Committee under such paragraph may be reappointed to the Committee if he meets the qualifications prescribed by that paragraph.

"(2) Of the members first appointed under paragraph (2) of subsection (a)—

"(A) one shall be appointed for a term of three years,

"(B) one shall be appointed for a term of four years, and

"(C) one shall be appointed for a term of five years,

as designated by the President at the time of appointment.

"(3) Any member appointed under paragraph (2) of subsection (a) to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member appointed under such paragraph may serve after the expiration of his term until his successor has taken office.

"(e) PAY AND TRAVEL EXPENSES.—

"(1) Except as provided in paragraph (2), members of the Committee shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS–18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of services for the Committee.

"(2) Members of the Committee who are officers or employees of the Government shall receive no additional pay on account of their service on the Committee.

"(3) While away from their homes or regular places of business in the performance of services for the Committee, members of the Committee shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

"(f) STAFF.—

"(1) Subject to such rules as may be adopted by the Committee, the Chairman may appoint and fix the pay of such personnel as the Committee determines are necessary to assist it in carrying out its duties and powers under this Act.

"(2) Upon request of the Committee the head of any entity of the Government is authorized to detail, on a reimbursable basis, any of the personnel of such entity to the Committee to assist it in carrying out its duties and powers under this Act.

"(3) The staff of the Committee appointed under pargraph (1) shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(g) OBTAINING OFFICIAL DATA.—The Committee may secure directly from any entity of the Government information necessary to enable it to carry out this Act. Upon request of the Chairman of the Committee, the head of such Government entity shall furnish such information to the Committee.

"(h) ADMINISTRATIVE SUPPORT SERVICES.—The Administrator of General Services shall provide to the Committee on a reimbursable basis such administrative support services as the Committee may request.

"(i) ANNUAL REPORT.—The Committee shall, not later than September 30 of each year, transmit to the President and to the Congress a report which shall include the names of the Committee members serving in the preceding fiscal year, the dates of Committee meetings in that year, a description of its activities under this Act in that year, and any recommendations for changes in this Act which it determines are necessary.

"DUTIES AND POWERS OF THE COMMITTEE

"SEC. 2. (a)(1) The Committee shall establish and publish in the Federal Register a list (hereafter in this Act referred to as the 'procurement list') of—

"(A) the commodities produced by any qualified nonprofit agency for the blind or by any qualified nonprofit agency for other severely handicapped, and

"(B) the services provided by any such agency, which the Committee determines are suitable for procurement by the Government pursuant to this Act. Such list shall be established and published in the Federal Register before the expiration of the thirty-day period beginning on the effective date of this paragraph and shall initially consist of the commodities contained, on such date, in the schedule of blind-made products issued by the former Committee on Purchases of Blind-made Products under its regulations.

"(2) The Committee may, by rule made in accordance with the requirements of subsections (b), (c), (d), and (e) of section 553 of title 5, United States Code, add to and remove from the procurement list commodities so produced and services so provided.

"(b) The Committee shall determine the fair market price of commodities and services which are contained on the procurement list and which are offered for sale to the Government by any qualified nonprofit agency for the blind or any such agency for other severely handicapped. The Committee shall also revise from time to time in accordance with changing market conditions

its price determinations with respect to such commodities and services.

"(c) The Committee shall designate a central nonprofit agency or agencies to facilitate the distribution (by direct allocation, subcontract, or any other means) or orders of the Government for commodities and services on the procurement list among qualified nonprofit agencies for the blind or such agencies for other severely handicapped.

"(d)(1) The Committee may make rules and regulations regarding (A) specifications for commodities and services on the procurement list, (B) the time of their delivery, and (C) such other matters as may be necessary to carry out the purposes of this Act.

"(2) The Committee shall prescribe regulations providing that—

"(A) in the purchase by the Government of commodities produced and offered for sale by qualified nonprofit agencies for the blind or such agencies for other severely handicapped, priority shall be accorded to commodities produced and offered for sale by qualified nonprofit agencies for the blind, and

"(B) in the purchase by the Government of services offered by nonprofit agencies for the blind or such agencies for other severely handicapped, priority shall, until the end of the calendar year ending December 31, 1976, be accorded to services offered for sale by qualified nonprofit agencies for the blind.

"(e) The Committee shall make a continuing study and evaluation of its activities under this Act for the purpose of assuring effective and efficient administration of this Act. The Committee may study (on its own or in cooperation with other public or nonprofit private agencies) (1) problems related to the employment of the blind and of other severely handicapped individuals, and (2) the development and adaptation of production methods which would enable a greater utilization of the blind and other severely handicapped individuals.

"PROCUREMENT REQUIREMENTS FOR THE GOVERNMENT

"SEC. 3. If any entity of the Government intends to procure any commodity or service on the procurement list, that entity shall, in accordance with rules and regulations of the Committee, procure such commodity or service, at the price established by the Committee, from a qualified nonprofit agency for the blind or such an agency for other severely handicapped if the commodity or service is available within the period required by that Government entity; except that this section shall not apply with respect to the procurement of any commodity which is available for procurement from an industry established under chapter 307 of title 18, United States Code, and which, under section 4124 of such title, is required to be procured from such industry.

"AUDIT

"SEC. 4. The Comptroller General of the United States, or any of his duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and other records of the Committee and of each agency designated by the Committee under section 2(c). This section shall also apply to any qualified nonprofit agency for the blind and any such agency for other severely handicapped which have sold commodities or services under this Act but only with respect to the books, documents, papers, and other records of such agency which relate to its activities in a fiscal year in which a sale was made under this Act.

"DEFINITIONS

"SEC. 5. For purposes of this Act—

"(1) The term 'blind' refers to an individual or class of individuals whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity, if better than 20/200, is accompanied by a limit to the field of vision in the better eye to such a degree that its widest diameter subtends an angle of no greater than 20 degrees.

"(2) The terms 'other severely handicapped' and 'severely handicapped individuals' mean an individual or class of individuals under a physical or mental disability, other than blindness, which (according to criteria established by the Committee after consultation with appropriate entities of the Government and taking into account the views of non-Government entities representing the handicapped) constitutes a substantial handicap to employment and is of such a nature as to prevent the individual under such disability from currently engaging in normal competitive employment.

"(3) The term 'qualified nonprofit agency for the blind' means an agency—

"(A) organized under the laws of the United States or of any State, operated in the interest of blind individuals, and the net income of which does not inure in whole or in part to the benefit of any shareholder or other individual;

"(B) which complies with any applicable occupational health and safety standard prescribed by the Secretary of Labor; and

"(C) which in the production of commodities and in the provision of services (whether or not the commodities or services are procured under this Act) during the fiscal year employs blind individuals for not less than 75 per centum of the man-hours of direct labor required for the production or provision of the commodities or services.

"(4) The term 'qualified nonprofit agency for other severely handicapped' means an agency—

"(A) organized under the laws of the United States or of any State, operated in the interest of severely handicapped individuals who are not blind, and the net income of which does not inure in whole or in part to the benefit of any shareholder or other individual;

"(B) which complies with any applicable occupational health and safety standard prescribed by the Secretary of Labor; and

"(C) which in the production of commodities and in the provision of services (whether or not the commodities or services are procured under this Act) during the fiscal year employs blind or other severely handicapped individuals for not less than 75 per centum of the man-hours of direct labor required for the production or provision of the commodities or services.

"(6) The term 'direct labor' includes all work required for preparation, processing, and packing, but not supervision, administration, inspection, and shipping.

"(7) The term 'fiscal year' means the twelve-month period beginning on July 1 of each year.

"(8) The terms 'Government' and 'entity of the Government' include any entity of the legislative branch or the judicial branch, any Executive agency or military department (as such agency and department are respectively defined by sections 102 and 105 of title 5, United States Code), the United States Postal Service, and any nonappropriated fund instrumentality under the jurisdiction of the Armed Forces.

"(9) The term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 6. There are authorized to be appropriated to the Committee to carry out this Act $200,000 each for the fiscal year ending June 30, 1972, and the next two succeeding fiscal years."

SEC. 2. The amendment made by the first section of this Act shall take effect on the first day of the first month which begins more than thirty days after the date of enactment of this Act.

The SPEAKER. Is a second demanded?

Mr. BROWN of Michigan. Mr. Speaker, I demand a second.

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

There was no objection.

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

Mr. Speaker, it is seldom that a bill comes to the floor of this House for consideration with a background of such goodwill and unanimity as surrounds H.R. 8011, which is a bill to amend and broaden the Wagner-O'Day Act.

Mr. Speaker, the Wagner-O'Day Act has remained unchanged since its enactment in 1938.

In the past 33 years under the provisions of this act, our blind population has been offered the dignity and the opportunity to support themselves in a program which grants them priority in the sale of certain blind-made products to the Federal Government.

Mr. Speaker, the Wagner-O'Day Act has been a classic example of how, with a minimum of Federal assistance, a program can operate under which 20,000 individuals who might otherwise have been burdens upon their families or potential recipients of relief and welfare programs, have been transformed into dignified, self-supporting and, yes, tax-paying citizens. It is an active and continuing program that constructively breaks the welfare syndrome.

H.R. 8011, Mr. Speaker, proposes the expansion of this same Wagner-O'Day Act in order to bring its proven benefits to other severely handicapped individuals who are not blind.

The bill, H.R. 8011, also proposes to add services to be performed for Government agencies under the scope of this act. The operation of the program will continue to be supervised by a committee but expanded to include more Federal employees who are knowledgeable as to Government procurement needs. In other words, as to the service and special needs of the blind and physically handicapped, there will be public members added whose experience commends them to this type of service.

Prior to the approval of H.R. 8011 for full committee action, the Special Studies Subcommittee held 2 full days of hearings. We received testimony from various organizations for the blind and other physically handicapped persons and from Government officials, including those responsible for the successful operation of the Wagner-O'Day Act over these many years. Following these hearings, staff conferences were held with all interested parties in an effort to write the best, most equitable bill possible.

Mr. Speaker, we believe that H.R. 8011 is the result of those efforts.

At our subcommittee hearings, testimony was heard or statements received from 29 witnesses, including six spokesmen for organizations representing the blind.

It must be said in all fairness that two of the witnesses in the latter category did not support the proposed amendments. I can understand their fears that some of the benefits which have been exclusively reserved to the blind for 33 years

might be eroded if the scope of this act were broadened to include other, nonblind handicapped individuals. However, I can report to the Members of the House that these two witnesses were invited to participate in posthearing conferences with our subcommittee staff, which were joined in by other interested people from both Federal Government and the private sector.

Every possible effort was made to alleviate the fears of these dissenting witnesses. I am personally satisfied that this bill has been brought to the floor in such a fashion that we have safeguarded the priorities of the blind and have removed the basis for much of their fears. Moreover, innovations and improvements contained in H.R. 8011 will make the Wagner-O'Day Act more beneficial to the blind while extending a helping hand to other handicapped persons who are not blind.

First of all, protection for the blind is written into the act by requiring that 75 percent of the labor going into the products sold thereunder must be also performed by the blind. And so the blind will have permanent priority without end, without time limit over the severely handicapped on the sale of commodities under this program.

Also, the Committee on Government Operations expects that the Department of Health, Education, and Welfare will utilize its resources to a greater degree, especially the HEW Rehabilitation Service Administration in assisting the agencies created under the act to provide work after expanding the number of products—and, hear this, not only products, but services on the priority procurement list.

At present there are 400 approved items. There was mention made by H. A. Abersfeller—whom we respectfully and, I might say, affectionately refer to as "Dear Abby"—who is Chairman of the Federal Committee on Purchases of Blind-Made Products, at the time of the hearings where he indicated that there are many thousands of items subject to being made by the blind or the severely handicapped, or a combination of both, which will be possible under the expanded Wagner-O'Day Act.

On this point it might be observed that the interests of blind workers might be very well served by the addition of the other items, either products or service items, and other handicapped workers would be able to provide segments of service to blind workers such as packaging and processing in cases where vision is necessary. In other words, the two groups would work together, if you please, the blind, and the severely handicapped.

Mr. Abersfeller went on to tell us in the subcommittee that within 5 years he expects to see the total dollar value of this program approximating $200 million. That would be an increase from the all-time high of about $28 million in 1967, and a depressed current year level of about $12 million.

Let me be the first to acknowledge that Mr. Abersfeller—"Dear Abby," as he is called—may be overly optimistic in his predictions as to the future of the Wagner-O'Day Act. But let me also say that he does have a solid base from which he can predict increased activities in this program, because we will have a man working full time in charge of the committee, that is, as Commissioner of the Federal Supply Service of the General Services Administration, to work on this priority business as to the production that is set aside for the blind and the severely handicapped. Under the terms of H.R. 8011, not only will the blind have permanent priority over other groups of handicapped individuals for the sale of commodities—bear that in mind, now—for the sale of commodities to the Government, but the blind will have priority over the severely handicapped for contracting services until December 31, 1976.

In the peak year under the present Wagner-O'Day Act—in the event some of you may be concerned, or have in your mind some latent worry about competition with private industry—all of the blind products amounted to only five one-hundredths of 1 percent of the Federal Government's purchasing orders. Surely, with the expanded products list, and with the addition of services to the scope of the act—not only commodities, now, but services—the benefits can be extended to those who suffer the afflictions of muscular dystrophy, cerebral palsy, epilepsy, mental retardation, and a host of other severely handicapping conditions.

In addition, one of the most valuable accomplishments of this bill is that its benefits will go directly to some of the disabled veterans returning from Vietnam. There may be some who have differing views about what we should do to wind down the war, but certainly none of us should ever have any reservations of any kind whatsoever as to what we should do for the disabled Vietnam veterans who have returned from Southeast Asia. New medical techniques and swift evacuation are saving lives in this terrible conflict which might have otherwise been lost.

Unfortunately, some of these veterans are returning with disabilities that limit their participation in competitive employment. As Harold Russell, chairman of the President's Committee on Employment of the Handicapped, told the subcommittee:

> This is a factor that undoubtedly contributes to the latest government statistics which show unemployment among Vietnamera veterans, aged 20 to 29, is running much higher than the average figure of unemployment; 10.2 percent nationwide and as high as 12 percent to 15 percent in some areas.

I believe that later figures show a further increase in the number of unemployed Vietnam veterans. The bill now before the House would make a contribution toward alleviating unemployment conditions among these disabled and handicapped veterans.

I think it is incumbent upon the Congress to guard carefully against the enactment of any legislation which might create conditions that tend to compete unfairly with the legitimate interests of private enterprise—but we are not doing this by this bill. The bill establishes the procedure that must be followed if items or services are added to or removed from the procurement list. Under the procedure, notice of the action must be published in the Federal Register, and an opportunity given to interested parties to submit data, views or arguments, prior to the effective date of the action.

I also believe it is significant that no spokesman—and listen to this—not a single one for the business community has interposed objection to enactment of H.R. 8011. As a matter of fact, it is interesting to notice that at both the local and the national level, businessmen—officers of business organizations—are also officers of such organizations as Goodwill Industries, which is a prime supporter of the Wagner-O'Day Act over the years is enthusiastically in support of these amendments contained in H.R. 8011.

The cost of this legislation is reflected in section 6, page 13 of the bill, wherein $200,000 is authorized to be appropriated in each of the next 3 fiscal years solely and only to pay the expenses of the new, expanded products committee.

I say to my colleagues, I am convinced and not just speculating, but I am thoroughly convinced based on the facts that this money will be returned many, many times over in different ways.

There is the element of savings to the various levels of Government of public assistance and welfare payments to blind and other handicapped persons by making opportunities available to them to earn their own living. And then there is the element of taxes paid on the earnings of these individuals, made possible by this program. One witness before the subcommittee, Mr. Henry Viscardi of the Human Resources Center, Albertson, Long Island, N.Y., told us that between 1952 and 1970 employees in his workshop for the disabled paid taxes of $5,379,000 on wages earned during this period amounting to $24,060,000.

I would remind my colleagues that this is only one of many workshops for the disabled currently operating across the country.

Mr. Speaker, at the beginning of these remarks I spoke of the unanimity that went into bringing H.R. 8011 to the floor today. First, H.R. 8011 was jointly introduced by all members of the Special Studies Subcommittee except one who, while supporting the legislation, declined.

The bill was unanimously approved by the subcommittee. Finally, H.R. 8011 was unanimously reported by the full Committee on Government Operations. The only amendments to the bill were clerical in nature.

I urge that this spirit of unanimity be continued by the passage of H.R. 8011, without dissenting vote.

Mr. BROWN of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as a ranking member of the subcommittee that reported H.R. 8011 a bill to amend the 1938 Wagner-O'Day Act I wish to urge its passage by the House. I believe that this amendment which extends the authority of the Wagner-O'Day Act to include Government purchases of services and products pro-

duced severally by handicapped individuals will go a long way toward further improving the opportunity for handicapped as well as blind persons to enjoy active and useful places in life.

I believe that it is a proper and fitting, if not necessary, role of Government to provide the means through which blind and handicapped persons can be assisted to acquire skills and talents which will make them independent, self-sufficient and contributing members of society.

As has been noted earlier, 2 days of public hearings were held in order that all opponents and proponents of this legislation would have an opportunity to present their views and recommendations.

The subcommittee wished to assure anyone who might object to the legislation that their questions would be aired and carefully weighed in the writing of the final version of the bill. I believe that I can say without hesitation that H.R. 8011 reflects a careful consideration of all views presented during the hearings and represents a responsible accommodation to the interests of all concerned.

The subcommittee was very much aware of its responsibility to assure that the interests and well being of those blind groups currently covered by provisions of the 1938 Wagner-O'Day Act would not be forgotten or diminished by extending the act's coverage to severly handicapped individuals. The subcommittee in drafting the bill took particular care, therefore, to assure that widening the scope of the Act the level and quality of current activities would not be diminished.

It was with the knowledge that Wagner-O'Day has had an outstanding success for more than three decades that the committee favors expansion of this beneficial program to severely handicapped persons. I should stress, however, that this is done with the intent to assure that in expanding the act the quality of the program must be maintained.

By widening the representation on the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped with various groups and Government agencies having a direct knowledge of and interest in the rehabilitation of blind and severely handicapped persons;

By guaranteeing the position of blind groups currently operating under the Wagner-O'Day Act by providing for priority treatment in the purchase of services and commodities;

By enabling the procurement of blind and handicapped made products by sources outside the United States;

By including services along with commodities for procurement by the Government; and

By expecting that Federal agencies and the committee will work to expand the list of products and services on the priority procurement list, the sponsors of this bill feel that it reflects a thorough and responsible effort to widen an already successful program.

Mrs. DWYER. Mr. Speaker, I support the passage of H.R. 8011. While the enactment of this legislation would widen the scope of current Federal efforts to assist in rehabilitating blind and severely handicapped Americans to active, useful, and self-sufficient places in life, more importantly it will open a real and bright future for the thousands of individuals who, without this assistance, might otherwise look forward only to a life of continual dependence upon their families, relatives, and the State.

It has long been the commitment and policy of the Federal Government of the United States to establish and improve programs aimed at the economic and social well-being of the individual citizen. I am pleased that this bill reflects this continuing commitment and seeks to extend to severely handicapped Americans the same assistance toward attaining economic and social dependence offered, until now, only to blind persons under the provisions of the 1938 Wagner-O'Day Act.

I particularly support this bill because it widens a Federal program designed to assist blind and severely handicapped persons to become independent and self-reliant. It is a program which opens an opportunity to many Americans to lead productive, meaningful, and satisfying lives. And it does so without diminishing the opportunities to those currently included in the program.

I am proud of the efforts of the subcommittee which labored to produce a bill which would expand a worthwhile program to operate economically, efficiently, and most important, effectively over the years ahead.

Mr. Speaker, the economic and social returns of this legislation if measured only in greater human happiness and fulfillment to thousands of Americans who will be benefited makes the passage of H.R. 8011 a vote for which each one of us can be justifiably proud.

Mr. BROWN of Michigan. Mr. Speaker, I yield whatever time he requires to the gentleman from Maryland (Mr. GUDE).

Mr. GUDE. Mr. Speaker, there has been a great deal of talk in Congress about the need to provide employable Americans without jobs with alternatives to welfare dependence. Today, we have legislation before us to begin translating this concern into remedial action.

As a sponsor of this legislation, H.R. 8011, to amend the Wagner-O'Day Act, I cannot overstate the importance of favorable House action.

The Wagner-O'Day Act of 1938 has provided decent, productive jobs for thousands of blind men and women in the manufacture of products to be sold to the Federal Government. It is no giveaway program. A Committee on Purchases of Blind-Made Products determines the fair market value of goods purchased from nonprofit workshops for the blind. All products must meet Government specification standards and delivery deadlines. In short, it is a program which helps blind Americans become self-sufficient without a sacrifice in the purchasing power of scarce tax dollars.

In the 33 years since its enactment, this program has been steadily expanded. Currently, there are approximately 1,500 nonprofit workshops in the Nation employing more than 50,000 blind Americans. But despite this success to date it is clear we must do more.

One hundred thousand blind men and women of working age still do not have jobs. More than half of the Nation's 60,000 paraplegics, who could work if suitable jobs were available, are unemployed. Recent House hearings documented the tragic fact that an additional 50 percent or more of the disabled persons of working age in the United States could be employed today if only more workshops and jobs were available.

We are faced with the alternative of forcing handicapped but employable Americans to remain on welfare and in institutions, or of offering them meaningful work which brings self-sufficiency and dignity; of forcing people to remain family burdens and wards of the State, or of giving them the chance to become wage earners and taxpayers.

Approximately 80 percent of the individuals entering the Wagner-O'Day program had been receiving public assistance in one form of another. The skills these blind and women acquired in the workshops enabled them to fill Government purchasing contracts and, ultimately, prepared them for employment in the private sector. Few programs—public or private—produce such large and visible returns.

The amendment we are considering today would expand this immensely succesful program currently reserved for the blind to other severely handicapped people while reserving first preference on contracts to the blind until December 31, 1976.

The urgent need for enactment of this amendment has been poignantly highlighted by the plight of returning Vietnam veterans, disabled by the war. More than 120,000 of these young men are drawing compensation for service-connected disabilities—120,000 men who would be eligible for workshop employment under an expanded Wagner-O'Day program.

For many of these men who are disabled and permanent paraplegics, such employment offers the only opportunity to avoid living out their lives in institutions or on already overcrowded welfare programs. We can do no less than to give all of these men this opportunity to forge productive, self-reliant lives out of the war experiences that physically shattered them.

Mr. Speaker, seldom does the Congress have the privilege of enacting legislation which does so much at such a small cost as H.R. 8011. I strongly urge the House to pass favorably on this amendment to the Wagner-O'Day Act today.

Mr. BROWN of Michigan. Mr. Speaker, I yield whatever time he may require to the gentleman from California (Mr. HOSMER).

Mr. HOSMER. Mr. Speaker, as the sponsor of House bill H.R. 16062 of the 91st Congress, House bill H.R. 2310 of the 92d Congress, and as a cosponsor of House bill H.R. 8011, I am pleased to again have an opportunity to speak out in behalf of this worthwhile proposal to amend the Wagner-O'Day Act of 1938.

The Wagner-O'Day Act is an extraordinary piece of legislation. It was enacted at a time when there was little understanding of the problems of the blind, much less the severely handicapped. Yet,

it successfully developed employment opportunities for the blind by providing to Government agencies certain blind-made products which meet Government specification and delivery deadlines. The Wagner-O'Day program has also enabled the participating workshops for the blind to couple their Government work with comparable sales in commercial markets. The result is that needed job opportunities for the blind have been created for individuals previously dependent on family, friends, community, or the State or welfare assistance for support, and who are now taxpaying wage earners.

It is now time to up-date this remarkable, workable self-help legislation. The blind have proven the practical value of the act. They have shown they can perform the production of commodities with ability, dignity, and at fair and reasonable contract market prices. It is opportune to include contract services within the scope of the act, and to further broaden the existing limitations.

It is also now time to extend the benefits of this excellent piece of legislation to other severely handicapped persons. This can be done by protecting and further extending the opportunities of the blind, which H.R. 8011 does.

Presently about 800,000 persons a year enter the disabled category who require rehabilitation. About 250,000 persons per year are rehabilitated and enter the ranks of disabled who are able to work in the competitive labor market, in sheltered workshop employment or in their homes. Studies and experience clearly show the need for sheltered workshops. It is all well and good for us to have a desire to help the handicapped, but many of us do not realize that without work and practical business know-how it is difficult, if not impossible, for the workshops to operate. The workshops must have the possibility of additional business in order to provide employment opportunities for the blind and the handicapped, or the work experience needed within the workshop system for such persons to succeed in obtaining opportunities in the competitive labor market.

We must do more for our disabled. Many of the severely handicapped of the more than 225,000 disabled Vietnam-era veterans would be eligible for employment in workshops having contracts under the expanded Wagner-O'Day Act. Many of the victims of automobile and other accidents, the ravages of disease, and those whom medical science has preserved, would be eligible for job opportunities under this program. The disabled need rehabilitation, but even more they need opportunity. Many severely handicapped individuals have fought their way back into the mainstream of American life—including politics. Many distinguished Members of Congress fall into this category, including my distinguished colleague, chairman of the Committee on Government Operations, CHET HOLIFIELD.

I believe that the Committee on Government Operations under the leadership of its chairman has reported an excellent bill. The Special Studies Subcommittee, chaired by WILLIAM J. RANDALL, has given time and consideration to the subject matter of this bill, previously untouched in its 33 years of existence. In a short period of time they have given much thought, discovered the problems, and have developed a bill with extensive practical revisions to this act.

H.R. 8011 clarifies and updates the existing law. It provides for greater public representation in the decisionmaking process of the Wagner-O'Day program. It makes the committee's operation accountable to the President and the Congress. It requires that the committee comply with due process of law—adequate notice appearing in the Federal Register, and the presentation of views prior to the addition or removal of commodities or services to the priority procurement list. Thus, anyone who believes he is being aggrieved by the possible action of the committee has a means by which he can be heard. The bill expands the definition of Government entities that are subject to the scope of the act, and it remedies other deficiencies in the existing act.

The subcommittee and the committee, I believe, have met their responsibility. It is my hope that my colleagues in the House will live up to our commitment to aid and encourage the thousands of handicapped individuals by enacting this bill.

Mr. RANDALL. Mr. Speaker, I yield such time as he may require to the gentleman from Maryland (Mr. GARMATZ) a valuable member of the subcommittee.

Mr. GARMATZ. Mr. Speaker, I rise in support of H.R. 8011 to amend the Wagner-O'Day Act, which extends its provision relating to the Government procurement of products produced by the blind to commodities produced by other severely handicapped individuals. I believe the objectives of this bill, which are also to further expand the category of contracts under the act to include services, to clarify and update the existing law, to provide greater public representation, to make the operation accountable to the President and the Congress, to require that the committee involved with the operation of the act comply with due process of law—such as adequate notice and the presentation of views prior to the addition or removal of commodities or services to the procurement list, are necessary and needed.

I was an original sponsor of H.R. 16062 in the 91st Congress to amend the Wagner-O'Day Act. I am a member of the Special Studies Subcommittee, and I was glad to participate in the hearings relating to amendments concerning the Wagner-O'Day Act. I am convinced of the need to protect the blind and to expand the purview of this act so that its benefits may also carry over to the other severely handicapped. I believe it is important to promote these goals because it is needed and necessary with the increasing number of disabled within our society. The hearings disclosed that presently there are about 225,000 veterans of the Vietnam-era in a disabled category. Each day, due to accidents, disease, and the ability of medical science to preserve life, many others become disabled and require rehabilitation. The bill provides work and self-help for those individuals within sheltered workshops. For these reasons, I also cosponsored H.R. 8011.

In my own State of Maryland there are at least three sheltered workshops at Baltimore, Cumberland, and Salisbury, that will benefit from this legislation. The Maryland Workshop for the Blind actively supports this bill. H.R. 8011, if enacted, will in a short time provide work for approximately 150 handicapped individuals from one of the Maryland workshops. They are prepared to provide dining kits for the military air transport service. Previously, this assembly-type of contract work has not been eligible for priority under the scope of the act, as it constitutes a service. H.R. 8011 places services as a contract category within the priority scope of the act.

The bill provides work for an essential element of our society. This work is self-help. As a result, the individuals would not be subject to public assistance and welfare funding. They would become wage earners and taxpayers. They would acquire a sense of purpose and dignity, which we all need in order to persevere in our society. I urge my fellow Members of the House to unanimously support H.R. 8011.

Mr. RANDALL. Mr. Speaker, I yield 1 minute to the distinguished chairman of the full committee, the gentleman from California (Mr. HOLIFIELD).

Mr. HOLIFIELD. Mr. Speaker, the bill before us today is H.R. 8011, which amends the Wagner-O'Day Act of 1938. The bill is the result of truly bipartisan effort. It expands the categories of contracts under the act to include services, and extends the special priority in the sale of certain products to the Federal Government, now reserved for the blind, to other severely handicapped individuals. H.R. 8011 was unanimously reported from the Special Studies Subcommittee and from the full Committee on Government Operations.

I wish to commend my distinguished colleague, Subcommittee Chairman WILLIAM J. RANDALL, and the members and staff of the subcommittee, for the constructive job they did. Every effort was made to remove controversy and fear in the development of this legislation.

The first bill to amend the Wagner-O'Day Act introduced in the House was in the last Congress by my distinguished colleague from California, CRAIG HOSMER, who reintroduced a more comprehensive bill early in this session of the 92d Congress. Other similar bills were introduced in this Congress, and the subcommittee also had the Senate-passed bill before it. Under the able leadership of its chairman, Mr. RANDALL, the subcommittee conducted the most extensive hearings and study undertaken in the 33 years of the Wagner-O'Day Act's existence. H.R. 8011 is the result of this intensive consideration, and I am proud to state that Mrs. DWYER, our ranking minority member, and I joined the members of the subcommittee: the gentleman from Missouri, Chairman WILLIAM J. RANDALL; the ranking minority member on the subcommittee, the

gentleman from New York (Mr. WYDLER); the gentleman from Maryland (Mr. GARMATZ); the gentleman from New Jersey (Mr. GALLAGHER); the gentleman from Illinois (Mr. COLLINS); the gentlewoman from New York (Mrs. ABZUG); the gentleman from Michigan (Mr. BROWN); the gentleman from Virginia (Mr. ROBINSON); the gentleman from California (Mr. GOLDWATER)—all the sponsors of similar bills before the subcommittee—the gentleman from California (Mr. HOSMER); the gentleman from Maryland (Mr. GUDE); the gentleman from California (Mr. GUBSER); the gentleman from California (Mr. WALDIE), and the gentleman from New Jersey (Mr. ROE), in sponsoring this clean bill.

I, as well as other concerned citizens, firmly believe that the employment of the disabled among us is in the public interest. Without jobs, they cost tax dollars; with jobs they become wage earners and taxpayers—but most important—with jobs the disabled maintain and develop self-respect and become self-reliant—a status we all seek.

Under the mechanism of the Wagner-O'Day Act, the blind have been offered an opportunity to support themselves, and have gained personal dignity. Also, there has been a benefit return to the public in many different ways. Because of the act, more than 20,000 handicapped individuals have become wage earners. This work force earns wages of at least $50 million per year and pays about $10 million per year in direct taxes. Over the 30-odd years of the life span of the Wagner-O'Day Act, this amount of wages earned and taxes paid becomes very considerable. Further, an estimated $30 million savings per year of public assistance or welfare funds is achieved, and over the time span of the act, the estimated savings are in excess of $500,000,000, and probably closer to $650,000,000. The program and its concept is a successful one. There is a definite need to encourage the growth of this program, in order to continue the betterment of the blind and to extend similar benefits to the other severely handicapped.

During its 33 years of existence the Wagner-O'Day Act has not been amended or updated. The passage of the time alone created incidences where the act needed amending. Sales from workshops for the blind to the Government under the Wagner-O'Day program in this fiscal year are running at the level of about $12 million for the year. This is a drastic reduction from fiscal year 1967 when sales to the Government reached $28 million. Accordingly, there is a definite need to reverse the trend of the decreasing purchase of blind-made products by the Government. Data provided the committee indicate that there are great numbers of blind and other severely handicapped persons who need, want, and would benefit from rehabilitation, and desire to work in competitive labor markets or in sheltered workshop employment, or in their own homes. Due to automobile and other accidents, the ravages of disease, and the improved ability of medical science to save lives, the number of disabled in our society continues to grow. It is estimated that the number each year who enter the disabled group needing vocational rehabilitation is two and one-half times the number who are presently rehabilitated to gainful employment. It is necessary that we do more for the severely handicapped.

Mrs. ABZUG. Mr. Speaker, I am especially grateful for the opportunity to express my views concerning House bill—H.R. 8011—to amend the Wagner-O'Day Act of 1938. The legislation under consideration would expand the existing self-help program to provide increased opportunities for handicapped people, enabling them to earn a living doing real work.

As a member of the subcommittee involved in this legislation, I wish to commend the chairmen of the full committee and the subcommittee on their constructive efforts in the development of this legislation. If I have any disappointment with this proposed bill it is that it does not go far enough toward aiding the blind and the severely handicapped. Some of the problems which I believe need remedying, however, did not necessarily fall within the scope of the committee's jurisdiction.

The bill—H.R. 8011—provides for additional and potential work opportunities for the blind and severely handicapped. Through its mechanism of operation, it assures that at least an infinitesimal amount of Government procurement will be utilized to benefit a deserving segment of our people. I believe this is worthwhile, especially since we have so many Government contracts and so much Government purchasing whose only result is millions of dollars wasted. Most people do not benefit from such contracts—only a few military industrial producers in our society. So I am pleased that the handicapped and the blind will receive increased assistance in dollars and therapy through a work program. The problem has been one of making the program more effective. In considering the act and its amendment, I have been concerned that we protect the blind, who are presently covered by the act, and that the act be expanded to include the severely handicapped.

I believe the bill before us will give the blind and the severely handicapped involved in the Wagner-O'Day program not only the capacity to earn money at a fair rate, but also a chance to be rehabilitated and equipped so that they are able to improve their earning capacity.

The philosophy of the bill H.R. 8011 is that work is an important ingredient of living for the disabled, as well as the nondisabled. Most people want a chance to work. Dependence on welfare or family support can be demoralizing, especially for indivduals who desire to work and have the capacity to do so. I believe H.R. 8011 will provide greater job opportunities for the disabled. And as the individual becomes well-trained, he will become a valuable asset to industry—a source of skilled manpower.

In recent years the Rehabilitation Services Administration of the Department of Health, Education, and Welfare has greatly assisted the workshops through the reimbursement of the cost of work evaluation, work adjustment, and occupational training. RSA has also assisted workshops through improvement, establishment, construction, equipment, and staffing grants. They have increased the number of workshops and improved their productive capability. The result has been that productive and managerial skills of the workshops have improved greatly, as well as the worker's skills. However, the work presently available to these workshops for the blind and the severely handicapped has diminished so that the vocational rehabilitation program is faltering. Without work, the workshop cannot accomplish its objectives and purpose. It cannot carry out effectively its rehabilitation goals. H.R. 8011 extends the scope of the Wagner-O'Day Act to include the products and services of workshops for the severely handicapped as a contract category, and thus provides a valuable small step forward in furnishing work for the workshops. In this connection, I am pleased to note that the Committee on Government Operations went on record that it expects that the Department of Health, Education, and Welfare will utilize its resources to a greater degree to assist in providing aid to stimulate the work effort needed to expand the number of products and services placed on the priority procurement list established by H.R. 8011. This should provide a further step forward in generating work for the workshops.

Another area of concern was the need to explore the relationship of the handicapped workers and their workshops to such fringe benefits as social security, unemployment insurance, workmen's compensation, minimum wages, pension plans, and employee organization. Accordingly, the Committee on Government Operations felt that studies of policies and practices of workshops with respect to these matters should be undertaken by the Department of Labor in cooperation with appropriate agencies. The data generated by such studies should be helpful in determining whether further changes in the Wagner-O'Day Act are necessary. The authorization renewal required by this bill should also provide further opportunity of oversight and amendment of the Wagner-O'Day Act, if needed.

I urge my colleagues to endorse a commitment to aid the blind and the handicapped by voting favorably for the enactment of H.R. 8011.

Mr. ROBINSON of Virginia. Mr. Speaker, I have been proud of the opportunity afforded me, as a member of the subcommittee, to participate in consideration of legislation to improve the Wagner-O'Day Act, and I am glad to state my full support of the bill, H.R. 8011.

The bill serves a proper public purpose at very modest cost.

I need not recite the proven value of the basic law, which has been on the books approximately 33 years. It not only has resulted in a significant economic gain through the productivity of handicapped persons, but it has contributed immeasurely to the dignity and well-being of thousands of such persons.

As is generally known, the act was conceived out of a special concern for

the situation of the blind, to give the productive blind an assured market for their products.

Now, we see an opportunity of expanding that market, both in variety and volume, while at the same time extending similar benefits to other severely handicapped citizens who, nonetheless, are capable of fashioning useful items or providing needed services.

I am acquainted, Mr. Speaker, with sheltered workshops which provide opportunities for the handicapped in the Seventh Virginia Congressional District, and I can testify to the dedication of the management—much of it provided on a voluntary basis—and to the pride of the workers.

Few of the legislative actions we will take during this session will be as fully defensible as the passage of this bill, and I hope it may move on to final enactment at an early date.

Mr. RANDALL. Mr. Speaker, as we near the close of the debate on H.R. 8011, it is a privilege to pay tribute to those who have worked so hard to amend and extend the benefits of the original Wagner-O'Day Act.

First, let me compliment the gentleman from Michigan (Mr. BROWN) who managed this bill on the minority side in place of the ranking minority member of our subcommittee. His performance was excellent and as floor manager of the bill I am indebted to him for his expeditious handling when under the parliamentary situation a second was demanded.

All of us are indebted to the distinguished chairman of the full Committee on Government Operations, the gentleman from California (Mr. HOLIFIELD). It was because of his leadership that H.R. 8011 reached the floor today for passage by the House.

All of the members of the subcommittee, which it is my privilege to chair, known as the Special Studies Subcommittee of the House Committee on Government Operations, are to be commended—the gentleman from Maryland (Mr. GARMATZ), the gentleman from New Jersey (Mr. GALLAGHER), the gentleman from Illinois (Mr. COLLINS), the gentlelady from New York (Mrs. ABZUG), the gentleman from Michigan (Mr. BROWN) who managed the bill on the minority side today, and the gentleman from California (Mr. GOLDWATER). All of them have contributed to the passage of H.R. 8011.

Not to be left out of the most honorable mention is the gentleman from California (Mr. HOSMER) who had in the 91st Congress tried to amend and extend the Wagner-O'Day Act. Also in this the 92d Congress, he had his own bill to which the subcommittee made continuous reference during its hearings in the course of the markup of H.R. 8011. Others who made a contribution included the gentleman from Maryland (Mr. GUDE), the gentleman from California (Mr. GUBSER), the gentleman from California (Mr. WALDIE), and the gentleman from New Jersey (Mr. ROE).

The original Wagner-O'Day Act passed 33 years ago and has not been amended or updated. The passage of time alone has created instances where the act needed amending. I know we have all thought that blind-made products consisted only of the manufacture of brooms and mops. Today the program includes about 400 items. Not only are brooms and mops made but pillowcases, ballpoint pens, box springs, mattresses, signal flags, brushes, mattress pads, dish towels, and many, many other items.

This amendment today proposes to add to commodities certain services to be performed by the severely handicapped to the procurement list. The Wagner-O'Day Act has been a classic example of how the minimum amount of Federal assistance can formulate a program under which actual recipients of public assistance in the form of relief and welfare programs are transformed into taxpaying citizens. Today we amend that act to include not only commodities but services such as assembly of medical kits, various types of tubes and hoses, the sorting of mechanical parts, packaging operations, repair work, and custodial services.

Mr. Speaker, the cost of this bill is very slight. The only cost is the expense of the committee on purchases of blind-made products. That committee does not seek a budget for the remainder of this current fiscal year. The total cost is for a small staff to develop data and to test and evaluate whether the blind and other severely handicapped persons can perform services or make products which could qualify for the priority procurement list.

Mr. Speaker, it is difficult, if not impossible, to estimate the cost-benefit ratio. Put simply, the amendments which we adopt today can bring untold blessings in terms of better lives to the blind and severely handicapped. And I submit for the consideration of my colleagues that is a condition which should not carry a price tag.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri that the House suspend the rules and pass the bill, H.R. 8011, as amended.

The question was taken.

Mr. SCHMITZ. 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 Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were yeas 309, nays 0, not voting 124, as follows:

[Roll No. 120]

YEAS—309

Abbitt	Betts	Burke, Fla.
Abernethy	Bevill	Burke, Mass.
Adams	Blackburn	Burlison, Mo.
Addabbo	Blanton	Burton
Anderson, Calif.	Blatnik	Byrne, Pa.
Anderson, Ill.	Boggs	Byrnes, Wis.
Andrews, Ala.	Boland	Byron
Archer	Bow	Cabell
Arends	Brademas	Caffery
Aspin	Brinkley	Camp
Baker	Brooks	Carney
Barrett	Broomfield	Carter
Begich	Brotzman	Cederberg
Belcher	Brown, Mich.	Chamberlain
Bell	Brown, Ohio	Clancy
Bennett	Broyhill, N.C.	Clausen, Don H.
	Buchanan	
Clawson, Del	Howard	Pucinski
Cleveland	Hull	Purcell
Collier	Hunt	Quillen
Collins, Tex.	Hutchinson	Railsback
Colmer	Ichord	Randall
Conable	Jacobs	Rarick
Corman	Jarman	Rees
Cotter	Johnson, Calif.	Reid, Ill.
Crane	Johnson, Pa.	Reid, N.Y.
Daniel, Va.	Jonas	Rhodes
Daniels, N.J.	Jones, N.C.	Riegle
Danielson	Jones, Tenn.	Roberts
Davis, Ga.	Karth	Robinson, Va.
Davis, S.C.	Kastenmeier	Rodino
Davis, Wis.	Kazen	Roe
de la Garza	Keating	Rogers
Dellenback	Keith	Roncalio
Denholm	Kemp	Rooney, N.Y.
Derwinski	King	Rooney, Pa.
Devine	Kyl	Rosenthal
Dickinson	Kyros	Roush
Dingell	Landgrebe	Roy
Dorn	Latta	Roybal
Dow	Leggett	Ruppe
Dowdy	Lennon	Ruth
Duncan	Lloyd	Ryan
du Pont	Long, Md.	Sarbanes
Edwards, Ala.	Lujan	Satterfield
Edwards, Calif.	McClory	Scherle
Eilberg	McCloskey	Schmitz
Eshleman	McClure	Schneebeli
Evans, Colo.	McCollister	Schwengel
Evins, Tenn.	McCormack	Scott
Fascell	McDade	Sebelius
Findley	McEwen	Seiberling
Fish	McFall	Shipley
Fisher	McKay	Shriver
Flood	McKevitt	Sikes
Flowers	Macdonald, Mass.	Sisk
Ford, William D.	Madden	Skubitz
Forsythe	Mahon	Slack
Fountain	Mann	Smith, Calif.
Fraser	Martin	Smith, Iowa
Frey	Mathias, Calif.	Smith, N.Y.
Fulton, Pa.	Mathis, Ga.	Snyder
Fuqua	Matsunaga	Springer
Garmatz	Mayne	Stafford
Gaydos	Mazzoli	Stanton, J. William
Gettys	Meeds	Steed
Giaimo	Michel	Steiger, Ariz.
Gibbons	Mikva	Steiger, Wis.
Goldwater	Miller, Calif.	Stubblefield
Gonzalez	Miller, Ohio	Sullivan
Goodling	Mills, Ark.	Symington
Grasso	Mills, Md.	Talcott
Green, Pa.	Minish	Taylor
Griffin	Mink	Teague, Calif.
Griffiths	Minshall	Terry
Gross	Mitchell	Thompson, Ga.
Grover	Mizell	Thomson, Wis.
Gubser	Mollohan	Thone
Gude	Montgomery	Udall
Hagan	Moorhead	Ullman
Haley	Morgan	Van Deerlin
Hall	Morse	Vander Jagt
Hamilton	Mosher	Vanik
Hammer-schmidt	Moss	Veysey
Hanley	Natcher	Vigorito
Hanna	Nedzi	Wampler
Hansen, Idaho	Nelsen	Ware
Hansen, Wash.	Obey	Watts
Harrington	O'Hara	Whalen
Harsha	O'Konski	White
Harvey	O'Neill	Whitehurst
Hathaway	Passman	Whitten
Hawkins	Patman	Williams
Hays	Patten	Winn
Hébert	Pelly	Wolff
Hechler, W. Va.	Pepper	Wright
Heckler, Mass.	Perkins	Wydler
Henderson	Pettis	Wylie
Hicks, Wash.	Peyser	Wyman
Hogan	Pickle	Yates
Holifield	Pike	Young, Fla.
Horton	Poff	Young, Tex.
Hosmer	Preyer, N.C.	Zablocki
	Price, Ill.	Zwach

NAYS—0

NOT VOTING—124

Abourezk	Biaggi	Clay
Abzug	Biester	Collins, Ill.
Alexander	Bingham	Conte
Anderson, Tenn.	Bolling	Conyers
Andrews, N. Dak.	Brasco	Coughlin
Annunzio	Bray	Culver
Ashbrook	Broyhill, Va.	Delaney
Ashley	Burleson, Tex.	Dellums
Aspinall	Carey, N.Y.	Dennis
Badillo	Casey, Tex.	Dent
Baring	Celler	Diggs
Bergland	Chappell	Donohue
	Chisholm	Downing
	Clark	Drinan

Dulski	Lent	Runnels
Dwyer	Link	St Germain
Eckhardt	Long, La.	Sandman
Edmondson	McCulloch	Saylor
Edwards, La.	McDonald,	Scheuer
Erlenborn	Mich.	Shoup
Esch	McKinney	Spence
Flynt	McMillan	Staggers
Foley	Mailliard	Stanton,
Ford, Gerald R.	Melcher	James V.
Frelinghuysen	Metcalfe	Steele
Frenzel	Monagan	Stephens
Fulton, Tenn.	Murphy, Ill.	Stokes
Galifianakis	Murphy, N.Y.	Stratton
Gallagher	Myers	Stuckey
Gray	Nichols	Teague, Tex.
Green, Oreg.	Nix	Thompson, N.J.
Halpern	Pirnie	Tiernan
Hastings	Poage	Waggonner
Helstoski	Podell	Waldie
Hicks, Mass.	Powell	Whalley
Hillis	Price, Tex.	Widnall
Hungate	Pryor, Ark.	Wiggins
Jones, Ala.	Quie	Wilson, Bob
Kee	Rangel	Wilson,
Kluczynski	Reuss	Charles H.
Koch	Robison, N.Y.	Wyatt
Kuykendall	Rostenkowski	Yatron
Landrum	Rousselot	Zion

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. Frelinghuysen.
Mr. Teague of Texas with Mr. Gerald R. Ford.
Mr. Annunzio with Mr. Andrews of North Dakota.
Mr. Brasco with Mr. Widnall.
Mr. Celler with Mr. Halpern.
Mr. Nichols with Mr. Whalley.
Mr. Foley with Mr. Robison of New York.
Mr. Rostenkowski with Mr. Bray.
Mr. Waggonner with Mr. Mailliard.
Mr. Stratton with Mrs. Dwyer.
Mr. Staggers with Mr. Sandman.
Mr. Kluczynski with Mr. Conte.
Mr. Biaggi with Mr. Hastings.
Mr. Aspinall with Mr. Shoup.
Mr. Burleson of Texas with Mr. Esch.
Mr. Carey of New York with Mr. Pirnie.
Mr. Clark with Mr. Saylor.
Mr. Dent with Mr. Biester.
Mr. Fulton of Tennessee with Mr. Zion.
Mr. Delaney with Mr. Lent.
Mr. Runnels with Mr. McKinney
Mrs. Green of Oregon with Mr. Quie.
Mr. Gallagher with Mr. Myers.
Mr. Edmondson with Mr. Kuykendall.
Mr. Monagan with Mr. Broyhill of Virginia.
Mr. Culver with Mr. Frenzel.
Mr. Jones of Alabama with Mr. Spence.
Mr. Tiernan with Mr. Dennis.
Mr. Charles H. Wilson with Mr. Bob Wilson.
Mr. Yatron with Mr. Coughlin.
Mr. Bergland with Mr. Powell.
Mr. Alexander with Mr. Wiggins.
Mr. Abourezk with Mr. Steele.
Mr. Casey of Texas with Mr. Price of Texas.
Mr. Chappell with Mr. Wyatt.
Mr. Donohue with Mr. Erlenborn.
Mr. Stuckey with Mr. Hillis.
Mr. Stephens with Mr. Ashbrook.
Mrs. Hicks of Massachusetts with Mr. Rousselot.
Mr. Stokes with Mr. Drinan.
Mr. Murphy of Illinois with Mr. Diggs.
Mr. Koch with Mr. Conyers.
Mr. Podell with Mr. Nix.
Mr. Scheuer with Mr. Clay.
Mr. Waldie with Mrs. Chisholm.
Mr. Murphy of New York with Mr. Collins of Illinois.
Mr. Badillo with Mr. Metcalfe.
Mrs. Abzug with Mr. Ashley.
Mr. Helstoski with Mr. Dellums.
Mr. Downing with Mr. Edwards of Louisiana.
Mr. Dulski with Mr. Pryor of Arkansas.
Mr. Reuss with Mr. Rangel.
Mr. Gray with Mr. Galifianakis.
Mr. St Germain with Mr. Melcher.
Mr. Link with Mr. McMillan.
Mr. Anderson of Tennessee with Mr. Hungate.
Mr. Landrum with Mr. Kee.
Mr. Bingham with Mr. Long of Louisiana.
Mr. Flynt with Mr. Baring.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. RANDALL. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations be discharged from further consideration of a similar Senate bill(S. 557) to amend the Wagner-O'Day Act to extend the provisions thereof to other severely handicapped individuals who are not blind, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill as follows:

S. 557

An act to amend the Wagner-O'Day Act to extend the provisions thereof to other severely handicapped individuals who are not blind, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to create a Committee on Purchase of Blind-Made Products, and for other purposes", approved June 25, 1938 (52 Stat. 1196; 41 U.S.C. 46–48), is amended by striking out all after the enacting clause and inserting in lieu of the matter stricken the following: "That there is hereby created a committee to be known as the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped (hereinafter referred to as the 'Committee') to be composed of two private citizens conversant with the problems incident to the employment of blind and other severely handicapped individuals and a representative of each of the following Government departments or agencies: The Department of Agriculture, the Department of Defense, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Health, Education, and Welfare, the Department of Commerce, the Department of the Interior, the Department of Justice, the Department of Labor, and the General Services Administration. The members of the Committee shall be appointed by the President, shall serve without additional compensation, and shall designate one of their number to be Chairman. The private citizen members of the Committee shall each be appointed for a term of five years; and such members shall be eligible for reappointment.

"SEC. 2. (a) It shall be the duty of the Committee to determine the fair market price of all suitable commodities produced and offered for sale by, and suitable services offered by, blind or other severely handicapped individuals to the Federal Government from time to time by any qualified nonprofit agency for the other severely handicapped, organized under the laws of the United States or of any State, to revise such prices from time to time in accordance with changing market conditions, and to make such rules and regulations regarding specifications, time of delivery, authorization of a central nonprofit agency or agencies to facilitate the distribution of orders (by direct allocation, subcontract, or other means) among the qualified agencies for the blind or the qualified agencies for the other severely handicapped, and other relevant matters as shall be necessary to carry out the purposes of this Act.

"(b) Rules and regulations of the Committee shall provide that, in the purchase by the Government of commodities produced and offered for sale by nonprofit agencies for the blind or other severely handicapped, priority shall be accorded to such commodities produced and offered for sale by nonprofit agencies for the blind, and that, in the purchase by the Government of services offered by nonprofit agencies for the blind or other severely handicapped, priority shall, until the close of June 30, 1977, be accorded to service offered by nonprofit agencies for the blind.

"SEC. 3. All suitable commodities and suitable services hereafter procured in accordance with applicable specifications by or for any Federal department or agency shall be procured from such qualified nonprofit agencies for the blind or qualified nonprofit agencies for the severely handicapped in all cases where such commodities or services are available within the period specified at the price determined by the Committee to be the fair market price for the commodity or commodities or services so procured: *Provided* That this Act shall not apply in any cases where suitable commodities or suitable services are available for procurement from any Federal department or agency and procurement therefrom is required under the provisions of any law in effect on the date of enactment of this Act."

SEC. 4. For purposes of this Act—

"(a) the term 'blind' refers to an individual or class of individuals whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity, if better than 20/200, is accompanied by a limit to the field of vision in the better eye to such a degree that its widest diameter subtends an angle of no greater than 20 degrees;

"(b) the term 'other severely handicapped' means an individual or class of individuals who is under a physical or mental disability other than blindness, which (according to criteria established by the Committee after consultation with appropriate agencies of the Government and taking into account the views of non-Federal agencies representing the handicapped) constitutes a substantial handicap to employment and is of such a nature as to prevent the individual under such disability from currently engaging in normal competitive employment;

"(c) the term 'qualified' when used in reference to a nonprofit agency for the blind or a nonprofit agency for the other severely handicapped means such an agency which complies with such occupational health and safety standards as are specified by the Secretary of Labor. The term 'qualified' when used in reference to a nonprofit agency for the blind or a nonprofit agency for the other severely handicapped also means such an agency organized under the laws of the United States or of any State, operated in the interest of the blind or in the interest of the other severely handicapped, the net income of which does not inure in whole or in part to the benefit of any shareholder or individual and, in the case of a nonprofit agency for the blind employs blind persons to an extent constituting not less than 75 per centum of the man-hours of direct labor used during the fiscal year in the production of commodities or provision of services under this Act, or in the case of a nonprofit agency for the other severely handicapped employs other severely handicapped or blind persons to an extent consisting not less than 75 per centum of the man-hours of direct labor used during the fiscal year in the production of commodities or provision of services under this Act;

"(d) (1) commodities offered for sale by a

nonprofit agency for the blind accorded a priority under section 2(b) of this Act shall be considered to be produced by the blind only if not less than 75 per centum of the man-hours of direct labor required during the fiscal year for the production of such commodities was performed by blind individuals. Commodities offered for sale by a nonprofit agency for the other severely handicapped shall be considered to be produced by the other severely handicapped only if not less than 75 per centum of the man-hours of direct labor required during the fiscal year for the production of such commodities was performed by other severely handicapped or blind individuals;

"(2) services offered by a nonprofit agency for the blind accorded a priority under section 2(b) of this Act shall be considered to be services provided by the blind only if not less than 75 per centum of the man-hours of direct labor entailed during the fiscal year in the provision of such services is performed by blind individuals. Services offered by a nonprofit agency for the other severely handicapped shall be considered to be services provided by the other severely handicapped only if not less than 75 per centum of the man-hours of direct labor entailed during the fiscal year in the provision of such services is performed by other severely handicapped or blind individuals;

"(e) the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"SEC. 5. (a) There is hereby authorized to be appropriated to the Committee $200,000 for each fiscal year commencing with the fiscal year ending June 30, 1972, to carry out the provisions of this Act.

"(b) The General Services Administration shall provide administrative services for the Committee on a reimbursable basis."

SEC. 2. The amendments made by the first section of this Act shall take effect on the first day of the ninth month following the month in which this Act is enacted.

AMENDMENT OFFERED BY MR. RANDALL

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

The Clerk read as follows:

Amendment offered by Mr. RANDALL: Strike out all after the enacting clause of S. 557 and insert in lieu thereof the provisions of H.R. 8011 as passed by the House.

The amendment was agreed to.

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

The title was amended so as to read: "To amend the Wagner-O'Day Act to extend its provisions relating to Government procurement of commodities produced by the blind to commodities produced by other severely handicapped individuals, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 8011) was laid on the table.

GENERAL LEAVE

Mr. RANDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the bill just passed.

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

There was no objection.

PEANUT ALLOTMENTS

Mr. ABBITT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6217) to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

The Clerk read as follows:

H.R. 6217

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358(c)(1) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out in the last sentence thereof the language ", less the acreage to be allotted to new farms under subsection (f) of this section,".

SEC. 2. Section 358(d) of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the first sentence thereof to read as follows: "The Secretary shall provide for the apportionment of the State acreage allotment for any State, less the acreage to be allotted to new farms under subsection (f) of this section, through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined."

SEC. 3. Section 358(f) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows: "Not more than 1 per centum of the State acreage allotment shall be apportioned among farms in the State on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts."

The SPEAKER. Is a second demanded?

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

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

There was no objection.

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

The bill simply reserves for the several States that produce peanuts the new-grower allotments created by each State under the Peanut Marketing Quota program.

The present law provides that new-grower allotments be assigned to the several States and those that are not used revert back to the national allotment. This bill simply requires the assignment of new-grower allotments on a State by State basis rather than on a national basis.

Under the present law the national peanut allotment is 1,610,000 acres; the new-grower allotment is 1,610 acres. Under this bill the new-grower allotments will remain the same percentage and will still come out of each State's allotment but whatever portion is not assigned to new growers in that State will remain in that State to be alloted to the regular producers. That is to say, that Virginia under this bill will withhold from her allotment 105.3 acres to be set aside for new-grower allotments. If the new growers do not take all of those allotments, whatever is left will remain in Virginia to be disbursed among the regular producers. The bill will add no cost to the present program.

Mr. Speaker, I reserve the balance of my time.

Mr. WAMPLER. Mr. Speaker, I concur in the remarks of the gentleman from Virginia and rise in full support of the bill and request that the House pass the bill.

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

Mr. ABBITT. I am pleased to yield to my colleague and friend from Iowa.

Mr. GROSS. Whenever our former colleague from Florida, Billy Matthews, brought legislation of this type before the House it was accompanied in some instances with canned peanuts. Does the gentlemen recall those occasions?

Mr. ABBITT. Yes. However, those were boiled peanuts, and it was said that they sometimes heated up the debate on the bill. This involves a different kind of peanut.

The SPEAKER. The question is on the motion of the gentleman from Virginia that the House suspend the rules and pass the bill H.R. 6217, as amended.

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

A motion to reconsider was laid on the table.

EXPANSION OF AGRICULTURAL EXPORTS

Mr. SISK. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1161) to amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove certain restrictions against domestic wine under title I of such act.

The Clerk read as follows:

H.R. 1161

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1732), is amended by inserting after the first sentence thereof a new sentence as follows: "The foregoing proviso shall not be construed as prohibiting representatives of the domestic wine industry from participating in market development activities carried out with foreign currencies made available under title I of this Act which have as their purpose the expansion of export sales of United States agricultural commodities."

The SPEAKER. Is a second demanded?

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

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

There was no objection.

Mr. SISK. Mr. Speaker, if I can just give a very brief background in connection with this legislation, this legislation in this identical form passed the House of Representatives last year. Unfortunately, a Member of the other body saw fit to tack on a nongermane amendment. As a result of that, the bill died.

I might say the only thing that is sought to be done here is to make it possible for American producers of wine to display such wines at international trade fairs in other parts of the world. This was permitted for many years, but through

an amendment to the act some years ago it inadvertently was construed so as to prohibit even the display of American wines at international trade fairs. The purpose of this bill is to correct what was done at that time through inadvertent action.

I hope the House will act favorably on the bill.

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

Mr. SISK. I am glad to yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, I certainly have no objection to the stated intent of this bill as it now stands to enhance our imbalance of trade, but I am familiar with the history of what happened to an identical bill that passed the House last session and went to the other body.

As I understand it, that amendment had a provision for Micronesia and American Samoa attached to it, a nongermane amendment attached to it by the other body, which is getting to be more and more of a habit over there inasmuch as they fail to operate under rules similar to those which we impose upon ourselves as to germaneness and so forth; and which had to do with establishing land grant schools in this area, possibly within itself also a worthy amendment albeit nongermane, as to whether or not we can improve our balance of trade by exporting the very excellent products of the grapes from America to foreign countries.

Now, with that background, does the gentleman anticipate that this bill will again run into that type of problem in the other body and, if so, will we have a jurisdictional problem between the Committee on Interior and Insular Affairs and the Committee on Agriculture?

Mr. SISK. Well, of course, I appreciate the question of the gentleman. I would certainly hope that we do not run into this kind of situation. I know of no particular reason. As my colleague from Missouri knows, from time to time our friends in the other body are prone at times to attach to small bills which have passed in this body certain pet ideas which they may have, and sometimes bills of great significance even, but having no germaneness and no relation at all to the bill we passed.

Mr. Speaker, I would say to the gentleman that I would only hope and trust that this does not happen and shall certainly join with the gentleman in trying to see to it that this kind of situation does not develop.

Mr. HALL. Mr. Speaker, I appreciate the gentleman's statement. I join the gentleman in the hope that they will not again use this bill as a vehicle to attach a nongermane amendment in the other body. But the problem is even deeper than that. The problem is that they must have a vehicle, or at least in their opinion must select and devise vehicles, for their amendments; because of the constitutional dogma that we must originate trade, tariff, taxation, and levies in this body as Representatives of the people rather than the union of the States, and in order to overcome that, they sometimes use such a vehicle to get, as has often been said here, something like a Christmas tree attached to a perfectly legitimate piece of legislation for the people without any intent of germaneness.

Mr. Speaker, until such time as we dig our heels in the ground, and sometimes even at the sacrifice of popular demand or that which we want to get passed, refuse to license this technique on the part of the other body, I am afraid these things are going to happen.

I certainly hope the gentleman from California, is correct in his wish that it does not happen on this bill.

Mr. SISK. I certainly agree with the statement of the gentleman and hope it does not also.

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

Mr. Speaker, I rise in support of this legislation.

THE SSN–685 "GLENARD P. LIPSCOMB"

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

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

(By unanimous consent Mr. HOSMER was allowed to speak out of order.)

Mr. HOSMER. Mr. Speaker, on Saturday last, at the Electric Boat Co. shipyard in Connecticut, the keel was laid for the SSN–685, named *Glenard P. Lipscomb* for our late departed colleague from California.

I am sure some Members of the House may wish to note this event in honor of our departed colleague. Therefore, I have asked that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter related to the subject.

Mr. GERALD R. FORD. Mr. Speaker, last Saturday I was privileged, along with a number of our colleagues, to be present at Groton, Conn., at the Electric Boat division of General Dynamics Corp. for the keel laying of a new nuclear-powered submarine, the U.S.S. *Glenard P. Lipscomb*.

All who knew and loved the late gentleman from California, who was taken from us a little over a year ago in the prime of life, will be gratified to know that his great concern and consistent devotion to the national security will be remembered in the name of this ship of the U.S. Navy.

The U.S.S. *Glenard P. Lipscomb* will be the quietest submarine ever built. This is singularly appropriate, because Glen was a quiet man, modest and self-effacing. But as we all know, he left his mark upon this House and in the history of this country.

The keel laying was authenticated by his two lovely daughters, Diane—Mrs. Louis Grasso—and Joyce—Mrs. Robert Murrell—in the presence of their mother, Mrs. Virginia Lipscomb, his brother and sister-in-law, Mr. and Mrs. Robert Lipscomb, and scores of Glen's friends including the Secretary of Defense and Mrs. Laird, Secretary of the Navy Chafee, Vice Adm. H. G. Rickover, and many of our co-workers here on Capitol Hill.

Secretary Laird delivered a very moving tribute to Glen Lipscomb and I am pleased to include it in the RECORD at this point:

REMARKS BY THE HONORABLE MELVIN R. LAIRD

This is an occasion that has deep meaning for me for both professional and personal reasons.

This submarine is truly a pioneer. It will be the first to utilize a new design of a turbine electric drive propulsion system. It will also contain advanced techniques for submarine silencing, and it will have new and quieter machinery.

This vessel, then, symbolizes a great advance in technology, and that fact gives a special meaning to the occasion.

The USS *Glenard P. Lipscomb* also symbolizes our determination to meet whatever challenge may lie ahead on and under the world's oceans by rebuilding our Navy so that it will continue to be equipped to perform its historic mission. It is no secret that the development and production of advanced equipment in the Navy suffered during the years when our heavy involvement in Vietnam claimed a substantial share of the defense budget. In 1968, production of nuclear attack submarines had almost ground to a halt. We are getting this program going again. In January, contracts were awarded for the first twelve of the new high speed SSN 688 Class; seven of this class will be built here in Groton. Our plans call for continued construction in the future. We are also moving ahead with the construction of nuclear-powered surface ships—two attack aircraft carriers and two-frigates. In addition, two more frigates have been authorized, and still another has been requested in the budget now before the Congress. It was due in no small part to the efforts of Glen Lipscomb that these nuclear-powered surface ships are being built.

For the future, we have in mind several initiatives with regard to construction of nuclear-powered submarines. One of these programs which is included in the current budget before Congress is the Undersea Long Range Missile System, known as ULMS. Another, which we have under consideration is for a submarine capable of launching missiles against enemy ships and other targets while remaining far beyond the enemy's antisubmarine range.

The characteristics of future submarines will be influenced by the lessons learned from the *Lipscomb*. For this vessel will be not only an exceptionally potent first-line attack submarine, but also a valuable test bed for a propulsion system and other technological advances.

But, beyond all these things that make this keel-laying an event with special significance, to me the name given to this vessel sets it apart.

I had no closer friend in public or private life than the man whose name this vessel bears. Glen Lipscomb was a quiet man, a gentle man, a studious man, an industrious man, a patient man, a loyal man, a kindly man. There was no pretense, no sham about him. Sincerity, friendliness, frankness, openness—these were the traits of his character that were immediately evident at first meeting this man.

There were other traits in him that lay deeper and that one came to recognize only after some association with him. There was steel inside him that made him a stubborn fighter for things he deeply believed in. And no belief did he cherish more than the conviction that our country must continue to be strong. There was a persistence and doggedness in him that would not permit him to rest until he had thoroughly studied every fact and every argument on any issue on which he had to make a decision. I often called Glen Lipscomb "the hardest working member of the House of Representatives"—and he was.

These were the traits that won for Glen the respect and affection of all his colleagues in government. These were the traits that led me to ask him to undertake the difficult

job of supervising the transition in the Defense Department when the President announced his intention of nominating me as the Secretary of Defense. These were the traits that caused me to turn to Glen Lipscomb for counsel whenever I encountered a tough problem in the field of national defense.

On this occasion, I cannot fail to note one other aspect of Glen Lipscomb's character. He was devoted to his family—those who grace this ceremony with their presence—his wife, Ginger, and his daughters, Diane Grasso and Joyce Murrell.

I can think of no more appropriate wish for this keel-laying ceremony than that those who serve on the U.S.S. *Glenard P. Lipscomb* be imbued with the spirit of the great man for whom this vessel is named. If this spirit motivates its crew, there will be no prouder, no more illustrious ship in the Navy.

Mr. HOSMER. Mr. Speaker, last Saturday at the Electric Boat Co. shipyard in Groton, Conn., in impressive ceremonies the keel was laid for SSN–685, named for our late beloved colleague, Glenard P. Lipscomb. The Secretary of Defense spoke on this occasion as did the Secretary of the Navy and Vice Adm. H. G. Rickover, USN, director of the Naval Nuclear Propulsion Program. Prominent guests from throughout the Nation were on hand to honor Representative Lipscomb's memory.

Present at the ceremonies was Glen's widow and his daughters, Mrs. Louis D. Grasso and Mrs. Robert Murrell, who welded their initials on the keel. The keel's bronze plaque includes this quotation from one of Glen's speeches in the House of Representatives:

> We must push ahead vigorously with the design and construction of the most advanced nuclear attack submarines our technology can provide.

Glenard P. Lipscomb served as Congressman from the 24th District of California from 1953 until his untimely death on February 1, 1970. He was born in Jackson, Mich., but lived most of his life in Los Angeles, Calif. He attended Los Angeles city schools, the University of Southern California, and Woodbury College.

Congressman Lipscomb was elected to the California State Legislature in 1947 where he served until elected to Congress in 1953. During the 1952 presidential campaign, he was in charge of the Washington office of Senator Richard Nixon, who was the Republican nominee for Vice President.

Nine consecutive terms in the House starting in 1953 speak eloquently of his success. From 1958 he served on the powerful House Appropriations Committee. He was ranking Republican member of its defense subcommittee and served on the subcommittee handling appropriations for the Departments of State, Justice, Commerce, the Federal Judiciary and related agencies. In addition, he was the ranking minority member of the Committee on House Administration. He was a member of the Joint Senate-House Committee on Printing. From 1959 to 1970 he was the chairman of the California Republican Delegation in Congress.

Congressman Lipscomb was a longtime proponent of naval nuclear power. The quotation on the plaque attached to the keel is taken from a statement he made on the House floor in September 1968, when the Department of Defense was considering cancellation of the turbine electric drive submarine and termination of the construction of nuclear attack submarines. He stated:

> This rapidly increasing (Soviet) submarine threat not only increases the importance of nuclear propulsion in our new surface warships, but makes it mandatory that our Defense Department take urgent and drastic action to change their current plan which calls for terminating the nuclear attack submarine construction program after the fiscal year 1970 program. We must push ahead vigorously with the design and construction of the most advanced nuclear attack submarines our technology can provide. We must build the best we can now and develop improved submarines for the future as rapidly as possible.
>
> In this regard, I am concerned over the recent statement released by the Secretary of Defense that the Defense Department is considering termination of the quiet electric drive submarine appropriated for the fiscal 1968 program. The Secretary of the Navy, the Chief of Naval Operations, and Admiral Rickover have all taken a strong stand in support of continuing construction of this submarine . . .
>
> I hope that the Department of Defense will exercise the good judgment to quickly complete its review and authorize the Navy to continue with this vital program.

In October 1968, Secretary of Defense Clark Clifford decided to proceed with the turbine electric drive submarine for which the keel is laid today. Instead of cancellation, construction of nuclear attack submarines is now being given top priority in recognition of the serious Soviet naval threat.

Congressman Lipscomb was also a strong supporter of nuclear-powered surface warships; in support of the speedy construction of nuclear-powered frigates he said in 1967:

> In its action on the bill before the House now, the House Appropriations Committee continues to support the position that we must have more nuclear-powered surface warships. Furthermore, it is clear that all future major fleet escorts should be nuclear powered.
>
> The Department of Defense should proceed with the contracts for the construction of both nuclear-powered frigates in fiscal year 1968 as soon as practicable. We must get on with building more nuclear-powered surface escorts for our nuclear carriers.
>
> This subject has been thoroughly, repeatedly studied and considered by responsible committees of Congress. The facts clearly support the action being taken by Congress to provide all nuclear-powered escorts for our nuclear-powered aircraft carriers.

The ship named *Glenard P. Lipscomb* will be powered by a turbine-electric drive, in contrast to the turbine-reduction gear drive of most other nuclear-powered attack submarines. This propulsion system, in combination with other advanced silencing techniques, will allow extremely quiet operation of the ship.

Quietness is a great advantage in a submarine. The quieter it is, the better it can perform its mission without being detected and destroyed by an enemy.

Electric drive is not new in submarine design. From the pre-World War II fleet boats until the introduction of nuclear power, all submarines were electrically driven—diesel-electric for surface and snorkeling operations, and battery-electric while submerged. The nuclear-powered *Tullibee*, commissioned in 1960, has a turbine-electric powerplant similar in concept to that of the *Lipscomb*, but is a much smaller, less powerful ship.

Continuing research by both the Navy and private industry has led to numerous advances in electric propulsion system equipment, as well as in many other areas of noise reduction. These developments are being incorporated in the *Lipscomb*.

Today's keel laying of the U.S.S. *Glenard P. Lipscomb* (SSN–685) is the result of years of effort by Vice Adm. H. G. Rickover and the Navy to develop a nuclear-powered submarine for which quietness is the primary design objective. The *Lipscomb* is one of two new types of submarines now under construction by the United States.

Since 1964, Admiral Rickover has voiced his concern for the need for such a ship. In 1968, when the Department of Defense was considering cancellation of the ship, the Joint Committee on Atomic Energy held special published hearings on the nuclear submarine program. In the forewords to those hearings, the Joint Committee expressed its strong support for an aggressive nuclear submarine development and specifically stressed the committee's support for the SSN–685. During those hearings, Adm. Thomas H. Moorer, then Chief of Naval Operations, and now Chairman of the Joint Chiefs of Staff, stated:

> We do have a growing threat in terms of the development of submarines by the Soviet Union. We need to examine every technical approach which will lead to a submarine superior to those that they may develop.
>
> Consequently we propose to follow two approaches. One is to build a submarine which has a maximum speed and minimum noise. (SSN688 Class)
>
> Second, with respect to the electric-drive submarine, we would expect to build the quietest submarine that is feasible to build in order to test it in an operational environment and, therefore, develop from these two submarines the best characteristics possible which we can use in later developments in the mid-1970 period and later. (SSN685)

During these same hearings, Admiral Rickover noted:

> We need the electric-drive submarine even more today than when it was originally approved . . . if we are to remain competitive with the Soviets in submarines, we must act without the delay which in recent years has characterized our own attempts to improve nuclear submarines.

In 1968, both the House and Senate Armed Services Committees issued reports recommending a continuing nuclear attack submarine construction program, development of a high speed submarine—SSN–688 class—and continuation of the electric-drive submarine project—SSN–685.

To understand the importance of modern nuclear submarines such as the *Lipscomb* to our Nation's defense, it is important to understand the nature of the Soviet submarine threat. In the foreword to hearings issued in May 1971, the Joint Committee on Atomic Energy reported the following on the Soviet submarine threat:

Of particular concern to the committee is the confirmation in this testimony that the Soviet submarine effort has intensified in the last year, and that they now have more nuclear submarines in operation than does the United States. Further, the Soviets are building more than three times as many new nuclear submarines per year as we are.

It is evident that the Soviets continue to apply tremendous resources to submarine design, construction, and operation. The Soviet submarine force now in existence and that being built today constitutes the major challenge to our use of the seas.

According to unclassified data, the Soviets now have a versatile force of over 235 attack submarines, 65 antiship cruise missile firing submarines, and 50 ballistic missile firing submarines. They have a total force level of 355 submarines, all built since World War II. More than 92 of these are nuclear powered. The United States has 101 attack submarines and 41 ballistic missile firing submarines; we have no submarines capable of firing cruise missiles. The total U.S. force level is 142 submarines, 92 of which are nuclear powered and the remainder are diesel powered. Most of the diesel units are of World War II vintage. Thus, in total, the Soviets have nearly three times as many submarines in operation as does the United States.

As Admiral Rickover has predicted for several years would happen, and as the committee has reported in its previous publications would happen, the Soviets have now surpassed the United States in numbers of nuclear submarines. Last year they put to sea 15 nuclear-powered submarines while we produced only five. They are yearly outproducing us by a rate of 3 or 4 to 1. They are judged to be capable of producing some 20 submarines a year with current facilities and work force, and many more than this if they utilize their shipyards around the clock. Considering the large disparity in our nuclear submarine construction programs, it is obvious that the United States will experience a growing nuclear submarine deficit for years to come.

In the case of ballistic missile submarines, the Soviets have assigned top priority to surpassing our U.S. Polaris fleet. They are concentrating on building nuclear-powered submarines similar to our Polaris types at a rate which will equal our fleet of 41 by 1974. At least 17 of these submarines are now operating at sea, with 15 or more under construction. This class of submarines is being built at a rate of at least eight per year. We know they are patrolling in areas off both coasts of the United States, presumably with each ship's battery of 16 missiles targeted on our cities.

The Soviets have in the last 3 years introduced many classes of new design nuclear submarines having a wide variety of capabilities. They have made large-scale commitments to submarine design, development, and construction that far surpass our efforts. All of their submarines have been credited with a high-speed capability. In other critical submarine characteristics such as reliability, weapons, and quietness of operation, the Soviets are well on their way to attaining equality with the United States and in some cases they may have already attained superiority. Further, the quality of future Soviet nuclear submarines can be expected to continue to improve as a result of the large technical resources and high priority assigned to their nuclear submarine program.

In the context of those current words of the Joint Committee on Atomic Energy, these earlier ones by Representative Lipscomb appear even more prophetic:

A superior defense posture is required as a bulwark against the forces of aggression for the protection and security of our citizens and the free world.

GENERAL LEAVE

Mr. HOSMER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days during which to extend their remarks on this subject matter.

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

There was no objection.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman from California yield to me at this point?

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

Mr. BURLISON of Missouri. Mr. Speaker, I appreciate my friend yielding.

(Mr. BURLISON of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BURLISON of Missouri. Mr. Speaker, I rise in opposition to the legislation for a couple of reasons.

One is that there was no intent when the basic law was passed to include alcoholic beverages within the province of this legislation. I have not seen any justification to extend the coverage.

The committee report indicates that the intent of the legislation is to extend coverage not only to domestic wine, but also to burgundy and champagne and brandy. If so, how can we with justification exclude beer, whisky, and other alcohol beverages? So, my second point, Mr. Speaker, is that we can expect next year or as soon as this legislation is passed, the beer, whiskey, and other alcoholic beverage industries to be in here with their request to cover them. Their logic will be sound.

My final point, Mr. Speaker, is again related to the foot-in-the-door or the opening-wedge argument. After coverage is extended to the domestic wine industry as defined by the provisions of this law, and when it is further extended to the other branches of the alcoholic beverage industry, we can then expect a further proposal in the form of the extension of Public Law 480, the "donation and concessional sales" portion of that law, to alcoholic beverages.

That is, we will have our Government providing foreign aid in the form of beverage alcohol. I feel that this is clearly not in the best interests of the Nation, nor in the best interests of the administration of Public Law 480. Therefore, I am opposed to the legislation.

Mr. SISK. Mr. Speaker, I appreciate very much the comments made by my colleague, the gentleman from Missouri (Mr. BURLISON). I think the gentleman is entirely wrong. We were, of course, permitted to do this for many years, and it was only through inadvertence in the law that we were precluded from further display. We seek no funds for this purpose whatsoever. And I will say that representing, as I do, one of the largest wine producing areas in America, that I can assure my colleagues that so long as I am in this body I shall never seek one dime toward this purpose.

The SPEAKER. The question is on the motion of the gentleman from California that the House suspend the rules and pass the bill H.R. 1161.

The question was taken.

Mr. BURLISON of Missouri. 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 Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 298, nays 13, not voting 122, as follows:

[Roll No. 121]

YEAS—298

Abbitt	Forsythe	Mahon
Abernethy	Fountain	Mann
Addabbo	Fraser	Martin
Anderson, Calif.	Frey	Mathias, Calif.
	Fulton, Pa.	Mathis, Ga.
Anderson, Ill.	Fuqua	Matsunaga
Andrews, Ala.	Galifianakis	Mayne
Archer	Garmatz	Mazzoli
Arends	Gaydos	Meeds
Aspin	Gettys	Melcher
Barrett	Giaimo	Michel
Begich	Gibbons	Mikva
Belcher	Goldwater	Miller, Calif.
Bell	Gonzalez	Miller, Ohio
Betts	Goodling	Mills, Ark.
Bevill	Grasso	Mills, Md.
Blackburn	Green, Pa.	Minish
Blanton	Griffin	Mink
Blatnik	Griffiths	Minshall
Boland	Gross	Mitchell
Bow	Grover	Mollohan
Brademas	Gubser	Montgomery
Brinkley	Gude	Moorhead
Brooks	Haley	Morgan
Broomfield	Hall	Morse
Brotzman	Hamilton	Mosher
Brown, Mich.	Hammer-schmidt	Moss
Brown, Ohio		Myers
Broyhill, N.C.	Hanley	Natcher
Buchanan	Hanna	Nedzi
Burke, Fla.	Hansen, Idaho	Obey
Burke, Mass.	Hansen, Wash.	O'Hara
Burton	Harrington	O'Konski
Byrne, Pa.	Harsha	O'Neill
Byrnes, Wis.	Harvey	Passman
Byron	Hathaway	Patman
Cabell	Hays	Patten
Caffery	Hechler, W. Va.	Pelly
Camp	Heckler, Mass.	Pepper
Carney	Henderson	Perkins
Carter	Hicks, Wash.	Pettis
Cederberg	Hogan	Peyser
Chamberlain	Holifield	Pickle
Clancy	Horton	Pike
Clausen, Don H.	Hosmer	Poff
	Howard	Preyer, N.C.
Clawson, Del	Hull	Price, Ill.
Cleveland	Hunt	Pucinski
Collier	Ichord	Purcell
Colmer	Jacobs	Quillen
Conable	Jarman	Railsback
Corman	Johnson, Calif.	Randall
Cotter	Johnson, Pa.	Rarick
Crane	Jonas	Rees
Daniel, Va.	Jones, N.C.	Reid, Ill.
Daniels, N.J.	Jones, Tenn.	Reid, N.Y.
Danielson	Karth	Rhodes
Davis, Ga.	Kastenmeier	Riegle
Davis, S.C.	Kazen	Roberts
Davis, Wis.	Keating	Robinson, Va.
de la Garza	Keith	Robison, N.Y.
Dellenback	Kemp	Rodino
Denholm	King	Roe
Derwinski	Kyl	Rogers
Devine	Kyros	Roncalio
Dickinson	Landgrebe	Rooney, N.Y.
Dorn	Latta	Rooney, Pa.
Dow	Leggett	Rosenthal
Dowdy	Lennon	Roush
Duncan	Lloyd	Roy
du Pont	Long, Md.	Roybal
Edwards, Ala.	Lujan	Ruppe
Edwards, Calif.	McCloskey	Ryan
Eilberg	McClure	Sarbanes
Eshleman	McCollister	Satterfield
Evans, Colo.	McCormack	Saylor
Evins, Tenn.	McDade	Scherle
Fascell	McEwen	Schmitz
Fish	McFall	Schneebeli
Flood	McKevitt	Schwengel
Flowers	Macdonald, Mass.	Scott
Ford, William D.		Seiberling
	Madden	Shipley

Shriver	Sullivan	Whalen
Sikes	Symington	White
Sisk	Talcott	Whitehurst
Skubitz	Taylor	Whitten
Slack	Teague, Calif.	Williams
Smith, N.Y.	Terry	Winn
Snyder	Thompson, Ga.	Wolff
Springer	Thomson, Wis.	Wright
Stafford	Thone	Wydler
Stanton, J. William	Udall	Wylie
	Ullman	Wyman
Stanton, James V.	Van Deerlin	Yates
	Vander Jagt	Yatron
Steed	Vanik	Young, Fla.
Steele	Veysey	Young, Tex.
Steiger, Ariz.	Vigorito	Zablocki
Steiger, Wis.	Wampler	Zion
Stokes	Ware	Zwach
Stubblefield	Watts	

NAYS—13

Baker	Hagan	Ruth
Bennett	Hutchinson	Sebelius
Burlison, Mo.	McKay	Smith, Iowa
Collins, Tex.	Mizell	
Findley	Nelsen	

NOT VOTING—122

Abourezk	Donohue	McMillan
Abzug	Downing	Mailliard
Adams	Drinan	Metcalfe
Alexander	Dulski	Monagan
Anderson, Tenn.	Dwyer	Murphy, Ill.
	Eckhardt	Murphy, N.Y.
Andrews, N. Dak.	Edmondson	Nichols
	Edwards, La.	Nix
Annunzio	Erlenborn	Pirnie
Ashbrook	Esch	Poage
Ashley	Fisher	Podell
Aspinall	Flynt	Powell
Badillo	Foley	Price, Tex.
Baring	Ford, Gerald R.	Pryor, Ark.
Bergland	Frelinghuysen	Quie
Biaggi	Frenzel	Rangel
Biester	Fulton, Tenn.	Reuss
Bingham	Gallagher	Rostenkowski
Boggs	Gray	Rousselot
Bolling	Green, Oreg.	Runnels
Brasco	Halpern	St Germain
Bray	Hastings	Sandman
Broyhill, Va.	Hawkins	Scheuer
Burleson, Tex.	Hébert	Shoup
Carey, N.Y.	Helstoski	Smith, Calif.
Casey, Tex.	Hicks, Mass.	Spence
Celler	Hillis	Staggers
Chappell	Hungate	Stephens
Chisholm	Jones, Ala.	Stratton
Clark	Kee	Stuckey
Clay	Kluczynski	Teague, Tex.
Collins, Ill.	Koch	Thompson, N.J.
Conte	Kuykendall	Tiernan
Conyers	Landrum	Waggonner
Coughlin	Lent	Waldie
Culver	Link	Whalley
Delaney	Long, La.	Widnall
Dellums	McClory	Wiggins
Dennis	McCulloch	Wilson, Bob
Dent	McDonald, Mich.	Wilson, Charles H.
Diggs		
Dingell	McKinney	Wyatt

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Waggonner with Mr. Smith of California.

Mr. Thompson of New Jersey with Mr. Widnall.

Mr. Annunzio with Mr. Esch.

Mr. Hébert with Mr. Frelinghuysen.

Mr. Dent with Mr. Conte.

Mr. Rostenkowski with Mr. Erlenborn.

Mr. Nichols with Mr. Price of Texas.

Mr. Celler with Mr. Sandman.

Mr. Donohue with Mr. McDonald of Michigan.

Mr. Burleson of Texas with Mr. Whalley.

Mr. Brasco with Mr. Hastings.

Mr. Boggs with Mr. Gerald R. Ford.

Mr. Aspinall with Mr. Andrews of North Dakota.

Mr. Bergland with Mr. McKinney.

Mr. Kluczynski with Mr. Shoup.

Mr. Charles H. Wilson with Mr. Bob Wilson.

Mr. Staggers with Mr. Bray.

Mr. Murphy of New York with Mr. Pirnie.

Mr. Carey of New York with Mr. Halpern.

Mr. Fulton of Tennessee with Mr. Kuykendall.

Mr. Foley with Mr. Hillis.

Mr. Dulski with Mr. Lent.

Mr. Podell with Mr. Clay.

Mr. Clark with Mr. Biester.

Mr. Koch with Mr. Metcalfe.

Mr. Gallagher with Mr. Quie.

Mr. Scheuer with Mr. Dellums.

Mr. Bingham with Mr. Collins of Illinois.

Mr. Teague of Texas with Mr. Mailliard.

Mr. Stratton with Mr. Coughlin.

Mr. Helstoski with Mrs. Chisholm.

Mr. Reuss with Mr. Hawkins.

Mr. St Germain with Mr. McClory.

Mr. Pryor of Arkansas with Mr. Spence.

Mr. Culver with Mr. Broyhill of Virginia.

Mrs. Hicks of Massachusetts with Mrs. Dwyer.

Mr. Biaggi with Mr. Wyatt.

Mr. Casey of Texas with Mr. Powell.

Mr. Chappel with Mr. Dennis.

Mr. McMillan with Mr. Frenzel.

Mr. Jones of Alabama with Mr. Wiggins.

Mr. Alexander with Mr. Rousselot.

Mr. Stephens with Mr. Ashbrook.

Mr. Stuckey with Mr. Hungate.

Mrs. Abzug with Mr. Conyers.

Mr. Ashley with Mr. Diggs.

Mr. Runnels with Mr. Nix.

Mr. Murphy of Illinois with Monagan.

Mr. Delaney with Mr. Dingell.

Mr. Landrum with Mr. Long of Louisiana.

Mr. Anderson of Tennessee with Mr. Adams.

Mr. Tiernan with Mr. Waldie.

Mr. Kee with Mr. Link.

Mr. Abourezk with Mr. Baring.

Mr. Downing with Mr. Edmondson.

Mr. Edwards of Louisiana with Mr. Fisher.

Mrs. Green of Orgeon with Mr. Flynt.

Mr. Gray with Mr. Drinan.

Mr. Badillo with Mr. Rangel.

Messrs. BAKER and HAGAN changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SISK. Mr. Speaker, I ask unanimous consent that all Members may have the opportunity to revise and extend their remarks on the bill just passed.

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

There was no objection.

AUTHORIZING APPROPRIATIONS TO THE NATIONAL SCIENCE FOUNDATION

Mr. CABELL. 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. 7960) to authorize appropriations for activities of the National Science Foundation, and for other purposes.

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

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. 7960, with Mr. HANLEY in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the gentleman from Texas (Mr. CABELL) will be recognized for 30 minutes and the gentleman from Pennsylvania (Mr. FULTON) will be recognized for 30 minutes.

Mr. FULTON of Pennsylvania. Mr. Chairman, at this time I yield to my friend, the gentleman from California (Mr. BELL), to handle the time on the Republican side.

The CHAIRMAN. The gentleman from California (Mr. BELL) will be recognized for 30 minutes.

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

Mr. CABELL. Mr. Chairman, pending the time to be used by the gentleman from California, I yield myself 15 minutes.

Mr. Chairman, the bill before us today, H.R. 7960, authorizes appropriations of $622 million for activities of the National Science Foundation for fiscal year 1972. This total is the same as that proposed by the administration, and includes $3 million in excess foreign currencies. H.R. 7960 is a clean bill which reflects certain changes made by the committee in the original measure proposed by the administration, H.R. 4743. The total funds authorized, I should like to emphasize, are identical to the administration proposal.

The committee has thoroughly scrutinized this legislation during 10 days of open hearings. Witnesses included not only NSF officials, but representatives of the academic community and various departments of the Federal Government which have a direct relationship to those programs supported by the NSF.

The bill before us was unanimously approved by the committee, which views the budget total as reasonable and fiscally responsible. At the same time we feel this is the minimum amount for continued health of the scientific enterprise in this country. Although the committee went along with the total requested by the administration, it did institute specific changes in program funding and in the format of the authorizing legislation itself. Before describing these changes, I should like to briefly describe the activities which will be supported by NSF in fiscal year 1972.

In order to maintain and strengthen U.S. research capability in all areas of science, this bill provides $246,100,000 for scientific research project support. The results of fundamental research projects supported by these funds across the country provide the new knowledge and understanding ultimately required by our expanding requirements in technology.

Specialized research facilities and equipment is funded at a level of $9,300,000 to help our colleges and universities obtain the equipment and facilities that are needed for advanced research projects.

The sum of $136,000,000 is allocated for national and special research programs. The eight major research efforts in this category include such important activities as the international biological program, the International Decade of Ocean Exploration and the U.S. Antarctic research program.

The five national research centers are authorized $40,200,000. These unique research organizations provide facilities and support functions which are impossible to provide at individual colleges and universities. Two of these centers

are the National Center for Atmospheric Research in Colorado and the National Radio Astronomy Observatory in West Virginia.

The sum of $17,500,000 is programed for computing activities in education and research, and $9,800,000 is budgeted for science information activities.

International cooperative scientific activities support participation by U.S. scientists and scientific organizations in international scientific programs. The fiscal year 1972 budget is $4 million.

The intergovernmental science program, with a funding level of $1 million, is designed to improve the ability of State and local governments to utilize science and technology for their own purposes.

The sum of $28,800,000 is allocated for institutional support for science, to help maintain and develop the quality of academic science in many of our Nation's colleges and universities.

Funds in the amount of $99,300,000 have been approved for science education support. This enables our educational institutions at the precollege, undergraduate, and graduate levels to develop and implement science education programs for our Nation's youth.

The cost of administering the programs of the NSF is $24,300,000, which represents less than 4 percent of the total budget approved for NSF in fiscal year 1972.

The final program category, which I shall mention, is the special foreign currency program. This will utilize $3 million in excess foreign currencies to support scientific research, education, and translation activities.

Let me now outline the differences between the committee bill and the administration's proposal. H.R. 7960 contains a line item budget rather than the lump sum authorization approved for NSF in previous years. The line item budget consists of the 12 categories, which I just described. Another section of the bill authorizes the $3 million in excess foreign currencies.

There are several reasons for initiating a line item budget for the NSF at this time. The sheer size of the NSF budget now justifies closer congressional scrutiny. This authorization format will also help assume implementation of the several changes in NSF program funding made by H.R. 7960.

The bill contains authority for NSF to transfer funds between categories upon proper notification to Congress. This transfer authority is similar to that which appears in authorizing legislation for other agencies.

I should now like to describe the changes which the committee made in funding of NSF programs. While the total authorization figure requested by the administration was unchanged, the committee did shift $42.3 million between programs.

PROGRAMS INCREASED

SPECIALIZED RESEARCH FACILITIES AND EQUIPMENT

The committee added $3.5 million for specialized research facilities and equipment. This action follows a recognition by the committee in its NSF legislative report last year that a large backlog in needed research facilities and equipment was building up. We have been informed that NSF plans to ask for a large increase for this purpose in fiscal year 1973. In order to increase the lead time for procuring complex and expensive items, we feel that some of these funds should be obligated this year rather than next. This will make the expenditure of these funds more efficient, and reduce the total cost of meeting these needs.

INSTITUTIONAL SUPPORT FOR SCIENCE

Last year Congress approved a fiscal year 1971 budget of $55.5 million for institutional support for science by NSF. Reprograming actions by NSF have reduced this estimate to $34.5 million. For fiscal year 1972 they proposed further cuts to a level of only $12 million.

Your committee considered this amount grossly inadequate for such a fine program and added $16.8 million to permit NSF to increase its institutional grants program and initiate other programs for institutional support; $4 million of the committee addition is designated for the instructional scientific equipment program, which NSF had discontinued in fiscal year 1971. That program was very successful in assisting those institutions which can strengthen their undergraduate science education programs by acquiring up-to-date instructional equipment.

SCIENCE EDUCATION SUPPORT

The support of science education had been programed by NSF for a large decrease in fiscal year 1972. This would result in the deletion of many excellent science education programs, and significant cutbacks in others.

The committee restored five of the deleted programs and increased two others which were severely cut, bringing the total for science education support approximately back to last year's level.

The committee actions are designed to maintain and increase the quality of science education in our high schools, colleges, and graduate institutions, rather than the quantity of new scientists and engineers produced. No other Federal agency is supporting programs similar to those which have been restored by the committee action.

The specific committee actions regarding science education support are as follows:

First, $2 million was restored for the student science training program, which provides opportunities for our most capable and highly motivated high school students to learn what science is really like. This action brings the level of the program up to that of last year.

Second, $4 million was restored for the undergraduate research participation program. Deletion of this program would produce irreparable harm to the outstanding but less research oriented 4-year colleges which produce a large proportion of our undergraduate science majors. This restoration will provide opportunities for the ablest undergraduates across the country to participate in research through direct association with scientists at colleges and universities.

Third, funds for graduate fellowships and traineeships were increased by $9 million, restoring this program to about the same level as fiscal year 1971. The committee feels that the procedure of providing fellowships and traineeships is a much more effective method for providing support to graduate students in the sciences than are research assistantships—a view widely held by persons knowledgeable in science policy matters, including the National Science Board.

Fourth, the committee restored $2 million for postdoctoral fellowships. A highly successful program since 1952, it has permitted advanced training for the most competent Ph. D.'s in those areas which are most relevant to current national goals.

Fifth, a $2 million increase was provided for precollege level institutes. This program of training secondary school teachers provides an effective way of upgrading the level of precollege science education throughout the country. The committee feels that the NSF cut in this program was too great, and that is why it was partially remedied by this action.

Sixth, the Science Faculty Fellowship program was restored at a level of $2 million. This is the only major Federal fellowship program designed primarily to help college teachers of science improve the quality of their undergraduate teaching.

Seventh, finally, the committee restored $1.5 million for the program of research participation for college teachers, which brings instructors from the less research-oriented colleges into contact with scientists at major universities or laboratories. This program has been successful in upgrading faculty members at these colleges, and has renewed their interest and enthusiasm which has in turn been passed on to their own students.

PROGRAMS DECREASED

In order to provide funds for restoring or increasing these high priority programs, the committee made compensating reductions in the NSF budget.

SCIENTIFIC RESEARCH PROJECT SUPPORT

The sum of $11.7 million was cut from the administration recommendation for scientific research project support. The NSF has been under pressure from other agencies to support an increased proportion of basic research in this country. Last year the committee documented the widespread problems resulting from these transfers of research projects from mission agencies. We are pleased that the administration now realizes the extent of the problem.

The committee figure of $246.1 million for scientific research project support includes an increase of $70.2 million over fiscal year 1971. We feel this increase will permit NSF to support the most worthy research projects transferred from other agencies, as well as provide funds for the most important new research initiatives in fiscal year 1972.

RESEARCH APPLIED TO NATIONAL NEEDS—RANN

Under the category of national and special research programs, the largest single program is entitled research applied to national needs. This consists of problem-oriented research and contains significant applied components.

NSF proposed an extremely large increase in this program for fiscal year 1972, more than doubling the fiscal year 1971 level. The committee endorses the

concept of Federal Government support for this kind of research. We feel strongly that adequate research and development is necessary for our Nation to make progress in solving many of the complex problems facing us today.

However, the committee is not convinced that the NSF, an agency set up to provide support for basic research in this country, should have its character radically changed in order to provide an administrative base for this support. There are other ways of attaining the same goals, which may be more efficient and effective. The committee plans to look into these policy issues in some detail during the coming year, with the objective of coming up with specific recommendations on how problem-oriented research can best be administered at the Federal level.

As an interim step, therefore, we have reduced this program by $30.6 million from the NSF request. The approved level is $50.4 million for fiscal year 1972, a 48-percent increase over the previous year. I hope that our planned committee inquiry will provide guidance to the Congress and NSF regarding national requirements for problem-oriented research and development in the future, together with the optimum methods for supporting it.

To recapitulate, Mr. Chairman, H.R. 7960 will authorize $622 million for the National Science Foundation for fiscal year 1972. This is the same total requested by the administration, although the bill before us provides a stronger emphasis on science education than did the administration measure. I urge my distinguished colleagues to support H.R. 7960.

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

Mr. Chairman, I rise in support of H.R. 7960 and I would like to associate myself with the remarks made by my distinguished colleague from Texas (Mr. CABELL).

Despite the general belief that the National Science Foundation has had the major Federal responsibility for scientific research in our Nation, it is only now beginning to assume that role.

In fiscal year 1970, NSF supported less than 20 percent of the total R. & D. funded by the Federal Government on our Nation's campuses.

The balance of support came from the mission-oriented agencies such as the Atomic Energy Commission, the National Institutes of Health, and the Department of Defense.

During the past few years, however, there have been dramatic changes in the patterns of research support among the mission agencies.

The so-called Mansfield amendment to the Defense Procurement Act required that DOD support only that research which had a "direct and apparent relationship" to its own mission.

The result of this requirement was a severe reduction in spending for basic research, especially that carried out in colleges and universities.

Although this requirement was later modified, the tendency to fund only the most mission-oriented research has been adopted by other agencies, such as NIH, thus resulting in even further reductions in research funds.

These substantial withdrawals from basic research have left gaps in our national research program . . . gaps which NSF has been required to fill.

Although this year's NSF budget is substantially above the $500 million appropriated last year, the real increase is quite minimal for the Nation as a whole.

As Mr. CABELL pointed out earlier, it is the strong feeling of the members of the Committee on Science and Astronautics, from both sides of the aisle, that the $622 million total is the minimum needed to assure the continued health of the scientific enterprise in this country.

Let me give a few examples of programs NSF is assuming this year for the first time, which were supported by other agencies in the past.

The National Magnet Laboratory at the Massachusetts Institute of Technology has been supported since it went into operation in 1960 by the Air Force Office of Scientific Research.

The leading laboratory of its type in the world, it produces the strongest continuous magnetic fields available anywhere.

Its facilities are necessary for the development and testing of superconducting materials which have the potential of permitting our Nation to transmit its electrical power with no losses due to electrical resistance.

A minimum of $1,800,000 will be required for NSF to assume the support of this laboratory in fiscal year 1972.

Research in the materials sciences is fundamental to the advancement of our technology in many areas: High strength materials are needed for advances in technology.

New semiconductors are needed for further advances in electronics.

And new superconductors are needed to solve our long range electrical power transmission needs.

One third of the basic research in materials science carried on in our universities is supported in a unique group of interdisciplinary laboratories, supported for many years by the advanced research projects agency of DOD.

In fiscal year 1972 this entire program is being transferred to the NSF at an annual support rate of more than $12 million.

The United States is bound by treaty to participate in an Antarctic research program.

This effort has contributed substantially to the exploration and understanding of the natural habitat there, and has greatly increased the pool of world knowledge concerning low temperature environments.

The NSF has now been assigned responsibility for logistic support of this research.

Nineteen million, three hundred thousand dollars in NSF funds will be required to pay for this activity for which the U.S. Navy was formerly responsible.

This research vacuum which NSF must fill substantiates the need for a significant budget increase for the agency.

It is not, however, the only reason.

An increasing proportion of NSF research is problem-oriented—that is, it seeks to apply the scientific method and basic and applied research techniques to generate knowledge useful in the solution of practical problems.

A new program within NSF entitled "Research applied to national needs" is the focal point for this effort.

An example of this kind of activity is the earthquake engineering research program which has the objective of developing economically feasible design and construction methods for building earthquake resistant structures.

Included in this effort are studies to evaluate earthquake hazards in particular regions and to appraise potential earthquake risks generated by changing conditions on the surface of the earth.

It is this kind of program which holds out hope that areas such as my own district in southern California can better cope with earthquake dangers in the future.

Mr. Chairman, I think H.R. 7960 is a good bill.

It is within the President's budget.

It balances national needs with fiscal responsibility in a manner which I consider desirable.

The minority members of the committee were unanimous in their support of this bill and I commend it to my colleagues in the House.

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

Mr. BELL. I am glad to yield to my colleague.

Mr. SCHMITZ. The gentleman from California might answer a question that has arisen in my mind since reading the committee report.

On page 3 of the committee report there is listed the sum of $26,300,000 for the social sciences.

There has not been any discussion here about the social sciences. All the sales pitch on this bill has been on its more truly scientific aspects. As a former junior college social science instructor, I am quite familiar with the pseudo scientific nature of many of the projects encompassed under the broad heading of social sciences. I note on pages 16 and 17 of the report, the following programs: anthropology, economics, geography, sociology and social psychology, political science, history and philosophy of science, special projects and social indicators.

That $26 million is over 10 percent of the entire scientific research support and yet it has not been mentioned.

For example, on page 16, the report states:

> In economics a major focus will be on research on the wage/price/unemployment/inflation cycle. Research is directed to obtaining knowledge of the relative strength and effectiveness of each of these factors and the repercussions of planned and unplanned influences.

Perhaps the gentleman could explain to me what "planned and unplanned influences" are? And how scientific "unplanned influence" can be?

And then this last point you might want to answer also. On the top of page 17 the report states:

The major increase for sociology and social psychology reflects the direct problem relevance of these disciplines and their readiness to experience a major advance in the level and scale of research in such areas as community organization,—

Does that mean more for Cesar Chavez?

violence—

Does that mean another Kerner report?

demography—

Does that mean vote for Paul Ehrlich?

effects of educational experiences, etc.

Does that mean more for the educational establishment?

Mr. BELL. If the gentleman will allow me, I will answer him in a broad presentation. It would take me considerable time to answer him in specific detail.

The gentleman must know of the real problems that have been rampant in our cities throughout the Nation for the last few years. This effort by NSF will be to thoroughly study these kinds of problems; the various tensions that build up, which of these problems would allow the Government some form of anticipation, and what the various problem sources are. If we had done some of these studies in advance, perhaps we would not have had some of the problems we have had in the Nation.

Mr. SCHMITZ. I understand what type of research these people do, and I understand what type of planning they do. What I do not understand is why the Committee on Science and Astronautics would include the social sciences to the extent of over 10 percent of their proposed funding for research projects.

Mr. BELL. The gentleman from California should bear in mind that this is the National Science Foundation. It is the NSF which the Committee on Science and Astronautics has the financial and legislative jurisdiction over. But the National Science Foundation has now taken over the study of most of the basic sciences as opposed to the applied sciences.

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

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

Mr. FULTON of Pennsylvania. The question arises as to how far do we go down the avenue in the social sciences? I think the gentleman from California (Mr. SCHMITZ) has raised a good point. I have raised that point at various committee meetings.

As the gentleman from California (Mr. BELL) has said, this is on the basic sciences rather than on problem oriented study.

Mr. BELL. Or applied science.

Mr. FULTON of Pennsylvania. That is correct. We did cut the program for applied science under the new organization, called RANN. The committee moved the money into the area of universities and student scholarships. The committee has emphasized this type of program. Of course, the problem is how far to go.

If you look over on page 16 of the report, it says:

The Foundation's programs in the many disciplines which comprise the Social Sciences are broad and include a wide range of methodological and theoretical work as well as individual research projects oriented to specific problems. Although many studies have been made to gain understanding of human behavior and social phenomena, our knowledge in these areas is still seriously inadequate. Research on methodology and theory must be stressed to prevent harmful premature application of imperfectly tested ideas.

That is entirely different from the grape disputes or any strike situation, and I feel that the work to which you refer is beyond the purview of anything the Science Foundation does and should do. I am on your side on that. I am watching as the ranking Member on the minority side to see that NSF is kept in fields where it should be.

I call your attention to NSF work in support of scientific research. You will see that out of $622 million, the social sciences receive $26,300,000. This is really not too much, when you think that we have had no work done on the methodology and behavioral sciences to put these fields into proper perspective by research.

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

Mr. BELL. I yield to the gentleman.

Mr. SCHMITZ. Is there in this report or is there anywhere a list of prospective research projects to be supported by this bill?

Mr. BELL. The legislative report lists the areas proposed for study.

Mr. SCHMITZ. I think not only the Members of the Congress but the people would be interested in finding out just what we are being drawn into under the umbrella of science.

I just wonder how many of the Members who are going to vote on this bill are going to know what they are voting on? I think most will assume that they are supporting such sciences as mathematics, and some of the other sciences listed here. But when you look on page 3 of the report, you find that mathematics is listed for $15,200,000 whereas the social sciences get $26,300,000, which is a rather odd proportion in a bill which is being pushed as a bill to foster science.

Just what is a science? Is community organization scientific? Or is it more political?

Mr. BELL. The study of science often gets into social problems?

Mr. SCHMITZ. Mr. Chairman, I know they do—in a manner with which I am most familiar. Medical schools, for example, often lead the way in seeking grants which end up aiding the social sciences by "tradeoffs." As a former State legislator I know how medical schools are used to save college works projects which are in danger of being turned down. People back true science but are rather unsympathetic with those pseudo sciences which are encompassed under the name social sciences. I think these pseudo sciences are being sneaked in here to the tune of one-tenth of the bill.

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

Mr. BELL. I yield to the gentleman.

Mr. FULTON of Pennsylvania. Mr. Chairman, again with reference to the question of mathematics, the question is not just pure mathematics. Of course, NSF is involved in the computer field and uses of mathematics. Look at page 40 of the report, you will find the computing activities of education and research to be $17,500,000.

Likewise, on page 41, you will find work in the fields of computer innovation in education and computer applications in research. On page 40, you will find work in computer science and associated engineering.

Those of us who are on school engineering boards, as I am on the engineering board of the School of Engineering of the University of Pittsburgh, have been working in the computer field to make information available on all engineering science research levels. This information can be obtained by pushing a button to find what you are interested in. You will then have developed for you everything in your field.

This is related to mathematics as a basic activity. What we are stressing is the methodology.

We are now speaking of the problem of new equations and combinations and permutations.

The question is what the emphasis should be on. We have to maintain a certain balance. We feel that the applied sciences such as mathematics and computerized sciences must likewise be emphasized. The budget has been divided, as you see, so that it is closely apportioned. When you add the $17,500,000 to the amount for general social sciences, you obtain $27,500,000. This is the figure for the social sciences which we are going to put into the budget for fiscal year 1972.

Mr. BELL. It is often true that when one studies the social difficulties and social problems, you really have to have a kind of scientific study. These same social problems are often amenable to study through the use of computers.

In a long-range analysis of the various problems that beset our Nation it sometimes takes a certain amount of scientific input and knowledge for the final figures to make sense. This is part of the program that I believe attaches itself to the scientific aspect.

Mr. SCHMITZ. I might comment, if the gentleman will yield for a comment, that if you are going to consider anything scientific which lends itself to computers, then what could you not put into this bill in the name of science?

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

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

Mr. SEIBERLING. I appreciate the gentleman from California (Mr. SCHMITZ) having placed some emphasis on mathematics, but he made the statement that this is 10 percent of the bill. As I see the bill, it is for $622 million, and $23 million is somewhat less than 5 percent. I would also like to point out that anthropology and geography are certainly in the area of science, with reference to social sciences, and those are

part of the appropriations for this particular item.

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

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

Mr. MOSHER. I wish to join with the gentleman in the well in enthusiastic support of the authorization bill for NSF.

Mr. Chairman, in supporting H.R. 7960, I emphasize that it is a significantly amended version of the authorization for fiscal year 1972 originally requested by the National Science Foundation. We substantially amended this bill in committee, to put greater emphasis on science education, and I strongly support that emphasis.

The bill does provide for a substantial increase over last year's authorization, but, as you have already heard, the reasons for the increase are valid and necessary.

In this connection, I would like to point out that the total figure of $622 million is the same amount requested by the administration. It has been carefully weighed against the research programs of other agencies and has been found appropriate within the overall Federal budget. Actually, the total national obligations on behalf of the Government's R. & D. effort are little changed from last year—only 1 or 2 percent above inflationary increases.

The reasons for the changes made in committee are, I think, compelling ones. In the space of 2 years the Foundation's total effort in science education was cut back by over 35 percent. It was planned that a number of programs be cut completely this year. These included such programs as: student science training, undergraduate research participation, postdoctoral fellowships, summer traineeships for graduate teachers, research participation for college teachers, advance science education, science faculty fellowships, senior foreign scientist fellowships, and special projects.

After careful study the committee restored $22 million into the science education program. This increase will permit the continuation of five programs which NSF had planned to kill, maintaining the level of effort in two programs which NSF had planned to reduce.

Those restored are the postdoctoral fellowships, the student science training program, the undergraduate research participation program, science faculty fellowships, and the research participation for college teachers. Those maintained at previous levels are the graduate fellowships and traineeships and the precollege level institutes.

I want to lay particular emphasis on two of the programs which we believe should be continued, and not killed—the student science training program and the undergraduate research participation program. These two programs are, in my view, of the utmost importance. The fact that the committee also felt this to be the case is illustrated by the bill, which specifically indentifies these two programs for support is fiscal 1972.

The reason these two programs are so crucial is that they are focused on students at the precollege level and at the undergraduate college level. They thus are instrumental in attracting good young people to science and technology at a time when they are making up their minds about their life career. These programs also provide support for the smaller liberal arts colleges which play such a large role in preparing the Nation's science graduate students and Ph. D.'s.

With regard to student science training, we have restored this program to its 1971 level of $2 million. The purpose of the program initiated in 1959, is to provide an opportunity for the most capable and highly motivated high school students to associate with college level teachers and researchers. This permits them to learn what science is really like, and through their influence on their fellow students and their teachers, to upgrade the level of science understanding in their own high schools. Through 1971, approximately 80,000 students have participated, and well-documented studies leave little doubt of the value of the program.

With regard to undergraduate research participation, we have similarly restored this program to its fiscal 1971 level of $4 million. The undergraduate research participation program has the stated objective of providing an opportunity for the ablest undergraduates in our colleges and universities to participate in research through direct association with scientists at colleges or universities. It has developed self reliance, imagination, and independence for thousands of undergraduate students with high ability in the sciences. It has not only helped individual students, but it has lead to important revisions in undergraduate curriculums, and improved the atmosphere in many undergraduate science departments.

Termination of this program would unduly harm the competent but less research oriented 4-year colleges. Its restoration will continue to insure the high quality of undergraduates who go on to the much more expensive graduate programs in the sciences, funded by NSF and other Federal agencies.

In conclusion, Mr. Chairman, I should like to add my voice to those of other committee members who have already noted the fact that the committee this year decided to line-item the NSF authorization bill. We believe that this should be standard procedure in the future, particularly since the Foundation is growing and its programs are of sufficient size and importance to merit continual and careful overview by the Congress.

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

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

Mr. FULTON of Pennsylvania. I join with the gentleman from California in enthusiastic support of the National Science Foundation bill and believe it should be passed in the full amount.

This bill before the House is an administration proposal authorizing funds for the National Science Foundation's fiscal year 1972 program.

The authorization amount our Science and Astronautics Committee approved, $622 million, is the amount requested by the administration. This represents an increase over the last year of over 20 percent.

There are good reasons for this increase.

For example, NSF is being asked to assume the burden of supporting much basic research which the mission-oriented Federal agencies are unable to fund due to budget restrictions on their programs.

Second, a need has been shown for increased support of basic research and science education in order for the United States to plan and provide better applied solutions for the immense problems facing the Nation in all fields of endeavor.

The committee finds it necessary, however, to change the emphasis on various programs presented by NSF.

Basically, we recommend that $17 million be added for institutional support of science and $22 million for support of science education. Both of these actions are designed to bolster the Nation's strength in science and technology in colleges and universities across the country as well as in specialized programs at all levels from the secondary schools to postdoctoral work. These actions merely restore these programs to their approximate level of last year.

In the institutional support program, the Foundation's level of effort in fiscal 1970 was nearly $45 million. This program has dropped in each successive fiscal year until the request for 1972 is only $12 million.

This is a curtailment of 75 percent.

In the science education program, the Foundation's level of effort in fiscal year 1970 was $120 million. This program has dropped steadily until the planned program for fiscal 1972 is down to $77 million. This is a reduction of over 35 percent.

While these cuts have been taking place, the Foundation's overall budget has been increasing from $440 million to $622 million, which is an increase of over 40 percent.

Mr. Chairman, the committee feels that this trend simply does not make good sense. It has, for example—and I would call your attention to the data set out in pages 64–67 of the report—resulted in stringent cutbacks in all institutional and education programs and the outright abolition of 11 programs designed to stimulate students in the field of science and technology and to improve the quality of their education.

It is our contention that this kind of programing is shortsighted in the extreme.

I am not particularly impressed by the argument that we should cut down our efforts to provide good science education for the young people simply because we find ourselves at the moment with some scientists and engineers who are unemployed.

Much has been made of this unemployment issue, but, aside from the aerospace industry, there seems to be very little data to indicate that scientists and engineers are suffering from unemployment any more than professionals in any other field.

If we continue to follow on a national

basis the trend promulgated by NSF for science education, we shall certainly find ourselves in a serious situation within a very few years.

We are already lagging badly in many fields of science and technology, including such areas as oceanography and aeronautics. Except for a few areas of high technology, we are being outstripped in our efforts to gain a fair share of the world's market.

It is essential that we maintain a strong effort in basic research and science education if we are going to pull out of the trough we are in.

In order to effect the changes the committee recommends in the fiscal year 1972 NSF budget, but not to increase the total beyond the administration's budget, it recommends reductions in several other programs.

We believe these to be very proper reductions.

One of these is in the Foundation's program of project research, which has been increased for 1972 by $82 million, or about 45 percent. The committee recommends that this program we decreased by approximately $12 million. This will still leave the Foundation with adequate funds in this program to pick up the necessary good research from other Federal agencies and at the same time inaugurate a respectable number of new project research programs.

The second area that we recommend a decrease in is in the program called "research applied to national needs," or RANN. This program has been increased from $34 million to $81 million by NSF, considerably more than 100 percent.

We recognize the appropriate nature of this program, but we are not satisfied that the Foundation can handle such a large increase efficiently. Moreover, this program carries a high percentage of applied research, which is not the real mission of NSF.

Other Federal agencies are putting vast sums into applied research. While NSF is authorized to do some of this work, we feel that they are moving into this area too rapidly. It is something we want to review during the coming year.

Mr. Chairman, the committee also recommends a "line-item" NSF budget for fiscal year 1972. While in the past it has been approved on a lump sum basis, we think this is a step in the right direction toward greater congressional control and more efficient oversight over policy formulation and budget preparation.

One of the principal missions of the National Science Foundation in promoting the progress of science is to support and strengthen United States research capability in all areas of science.

To achieve this objective, NSF provides strong support for fundamental research in the biological, physical, environmental, social sciences and engineering.

The results of this research increase our understanding of natural phenomena, of fundamental life and economic processes, and of man as an individual and as a member of a social group.

Let me focus on several important areas of this program.

In the biological sciences, the Foundation plans to obligate $55.2 million in fiscal year 1972.

The principal objectives of the Foundation's research program in the biological sciences are to increase our understanding of the structures, functions, and systems of biological organisms; to gain further insight into the biological processes of affecting our environment; to learn more about the driving forces that make ecosystems work; and to expand our understanding of complex biological processes.

The Foundation will continue to give special emphasis to the biological sciences in fiscal year 1972 because of the significance of advancements in this field to our understanding of basic life processes and the relevance of much of the research to environmental and other life support systems.

In the social sciences, the Foundation plans to obligate $26.3 million in fiscal year 1972.

The Foundation's programs in the many disciplines which comprise the social sciences are broad and include a wide range of methodological and theoretical work as well as individual research projects oriented to specific problems.

Between fiscal year 1969 and fiscal year 1970, requests to the Foundation for social science research grants increased by nearly one-third in number and by more than 50 percent in dollars. Proposal pressures have continued to increase in fiscal year 1971, and further increases are expected in fiscal year 1972.

While I am in basic agreement with the need for more fundamental knowledge in the social sciences, I remain concerned about moving too deeply and too rapidly into this area. We on the committee plan to monitor the Foundation's involvement in this area.

Another important area of research supported by the NSF is in the engineering sciences. In fiscal year 1972, the Foundation plans to obligate $26.3 million for engineering research projects.

As a present member of the board of visitors of the School of Engineering at the University of Pittsburgh, I want to underscore the importance of U.S. leadership in this area. Under the leadership of Dean Hoelsher, the School of Engineering has made tremendous progress not only in the general area of engineering and technological innovation, but in the area of computerized information systems.

The entire field of engineering is and will continue to be of critical importance to the future economic strength and vitality of our Nation.

The Foundation provides support for engineering research projects that are aimed at providing man with new knowledge to assist him in his attempts to more fully utilize materials and resources of nature for his benefit.

By definition, engineering translates principles of the various sciences to the known materials and forces of nature for the comfort, health, safety, and welfare of mankind. Although many of the projects supported are fundamental in nature, Foundation supported engineering research projects often have a high degree of relevance to commercial and industrial needs.

In fiscal year 1972 the Foundation will expand its research in individual projects in problem focused areas such as superhard materials, electric power system engineering, communication engineering, extractive metallurgy, biomedical materials, noise reduction, and wind forces on structures. Projects selected will be those having potential commercial and industrial application and which will provide a basis for increased productivity.

A closely related area of endeavor supported by Foundation funds is that of applied research.

During fiscal year 1971, a number of program activities were grouped under the title "Research Applied to National Needs" to focus on and stimulate the application of science and technology to national problems and areas where societal benefits can be realized such as increasing economic productivity. The funding increase in fiscal year 1972 will be used to continue the development of ongoing major coordinated problem-focused research efforts and to undertake new efforts in selected areas.

These major research efforts include weather modification, earthquake engineering, all the research efforts formerly funded under IRPOS, and a number of concentrated research efforts previously included in scientific research project support.

The principal purpose of these efforts is to increase our understanding of social and environmental problems, their underlying causes and through research to identify opportunities for advanced technology that are of benefit to society.

As I have mentioned, the committee, after a most detailed review of this RANN program, has recommended that it be reduced by $30.6 million.

Even with this reduction, however, the program level for fiscal year 1972 will still be $50.4 million, a 48-percent increase over the previous year.

Another area of research I would like to highlight for the House is that of astronomy.

The Foundation now is the most important supporter of ground-based astronomy, furnishing about 70 percent of the total Federal support in this area when research project support, facility and equipment programs, and the four astronomy centers are considered.

I have recently toured the Foundation's optical astronomy center, located in Tucson, Ariz. This center, known as the Kitt Peak National Observatory, is one of the best managed and most up-to-date scientific facilities in the Nation. Some of the most exciting optical astronomy work in the world is presently underway at Kitt Peak.

I have been concerned, however, at the recent turn of political events that have occurred near one of NSF's other optical astronomy facility, located near Santiago, Chile. This facility is making important scientific contributions, and it is my hope that the political situation will allow continued excellent progress in this area.

The three remaining areas that I want to highlight are: First, computing activi-

ties in education and research; second, science information activities; and third, intergovernmental science programs.

The objectives of the Foundation's program of computing activities in education and research are to provide the Nation with a base of computer science knowledge which will make possible innovative approaches for the use of computers in education and research as well as permitting government, industry, and other computer users to better evaluate the capabilities and limitations of computers and to better utilize their potential.

Within this area of computing activities, the foundation supports research in the following three sub-areas: computer science and associated engineering; computer innovation in education; and computer applications in research.

Computer science and engineering embraces a wide variety of efforts directed toward improving our understanding of, and capability for dealing with complex computational problems. Progress toward this goal requires fundamental understanding of ways to encode information and to program procedures in convenient, compact, machine-interpretable form.

The objective of the computer innovation in education program elements is to develop the full potential of the computer for use in the science education process for students at all levels. It is believed that for most students, and for others outside the formal educational system, the computer can carry out certain educational functions effectively.

The objectives of programs in computer applications in research are:

First. To develop major disciplinary, interdisciplinary, and functionally oriented research computational resources and centers which can meet the needs of researchers without regard to their institutional affiliation.

Second. To develop new classes of advanced computer-based techniques and systems for specific research applications.

The potential usefulness of computers in research has increased markedly with recent advances in the computer field. These advances: first, make possible a high degree of interaction between the researcher and the computer; second, accommodate productive use of a computer system by many researchers concurrently; third, enable computers to be accessed remotely via a variety of computer terminals and communication circuits, and fourth, permit computers to be used "on-line" in complex experimental research activities.

The second area is that of science information activities for which the Foundation plans to obligate $9.8 million in fiscal year 1972.

The Foundation's science information activities consist of three program elements: Systems development and improvement, information services and publications, and science information research. Taken together, these elements form the program that has been organized in response to the National Science Foundation Act of 1950—Public Law 507–81st Congress, as amended—and title IX of the National Defense Education Act of 1958—Public Law 85–864, as amended.

The Foundation's science information activities have, over the past several years, focused their principal support on the improvement of the scientific community's information services. These services are needed to help scientists and engineers cope with the rapidly increasing store of information in their respective areas of interest.

These discipline-oriented information systems will continue to serve those working on basic research in a single science area; however, they will also provide information bases for those working on broader problems with more direct social relevance. Capabilities developed with Foundation support will allow scientists, particularly at universities, to utilize new information products and services produced by government agencies, and scientific societies.

The final area I want to highlight is that of the intergovernmental science programs, for which the Foundation plans to obligate $1 million in fiscal year 1972.

The objective of the Foundation's intergovernmental science program is to improve the ability of State and local governments to utilize science and technology in their efforts to cope with environmental and societal problems and, in conjunction with the research components of the Foundation, to strengthen the national research potential through stimulating State and local research activities.

Effective exploration of scientific knowledge can contribute to better housing, improved waste disposal methods, cleaner air and water, improved transportation systems, better health care, and so forth.

But the mechanisms for bringing scientific and technological information and resources to bear on these major problems at the State and local level need to be significantly improved if these levels of government are to play a meaningful role in the quest for solutions.

Responsibility for delivery of public services resides largely with State and local governments, but the majority of governments at these levels lack both the organization and the trained personnel to make effective use of science and technology for social and economic progress.

Through the intergovernmental science programs, State and local governments and appropriate regional groups may seek support which will assist them in assessing their needs and in developing programs that will provide for more effective research and application of science and technology to local and regional problems.

For instance, they may seek assistance for planning related to a regional problem, or they may request funding for experimentation with an environmental science program in the context of their own needs and resources on a pilot basis.

This program will encourage State and local governments to develop and adopt new systems which utilize science and technology in planning and executing public programs.

In conclusion, Mr. Chairman, I should point out that the NSF program of scientific research is—in its totality—of crucial importance to the future of this Nation. The budget for fiscal year 1972 does represent a sizable increase, especially when viewed in comparison to the following historical funding summary:

NATIONAL SCIENCE FOUNDATION—5-YEAR FUNDING HISTORY

[In millions of dollars]

	Fiscal year			
	1968	1969	1970	1971
Authorizations:				
Administration request			490,000	500,000
House committee recommendation			480,605	527,630
Senate committee recommendation			490,150	550,000
Total authorization			480,605	539,730
Appropriations:				
Administration request	526,000	500,000	500,000	513,000
House committee recommendation	495,000	400,000	420,000	497,000
Senate committee recommendation	459,000	410,000	461,000	513,000
Total appropriation	495,000	400,000	440,000	513,000
Obligations: National Science Foundation	505,230	432,646	460,618	495,000

However, this investment of $622 million for fiscal year 1972 will have a tremendous multiplier effect for our economy and our Nation in the coming decades.

As I review the proposed NSF effort for this year, I am struck by the pressures faced by the Foundation. There is very strong competition for the Federal dollar to pursue science, research, and development. Furthermore, there is keen competition for funding even within NSF.

I am at once reminded of an analogous situation. This is the situation involving the graduating student as he is torn by his desires and the circumstances imposed upon him. I am also reminded of the words of a close friend of mine, Father Kevin Kenny. Father Kenny, an English teacher and chaplain at Canevin High School in Scott Township in Pittsburgh, Pa., spoke these words to the 1971 graduating class of Canevin.

I think it is appropriate to include these words as we consider the many pressures under which we as Members of Congress serve in our effort to provide for sound and just progress. I offer Father Kenny's words at this time:

The graduating class of 1971 has been subjected to a great many pressures—pressures from the old, very structured system at Canevin and more recently very different pressures and challenges from the new. Just as in life itself, it was hard coping with some of the things in the old system and at times even some of the things in the new. This year's class was caught in the middle, becoming part of two different worlds.

Lord, it is hard for us to change, even when it is for the better. It is much easier for us to stay the same—much easier for us as individuals, as a school, as a church, as a society. Help us, Lord, to understand that changing for the better is really the central issue in living a Christian life.

The graduating class this year did a great job in adjusting to the new changes at

Canevin. We hope they and Canevin are better for it. We hope this year will help them all to take their proper place in our changing world—and when they get the chance, contribute toward changing things for the better.

I hope that we as Members of Congress will take inspiration from Father Kenny's words. As we contemplate the impact of science and recommend the course of the future, we hope that we, too, are contributing toward changing things for the better. I feel the positive programs of the National Science Foundation are a step in the proper direction.

Mr. CABELL. Mr. Chairman, at this time I yield whatever time he may consume to the distinguished chairman of the subcommittee, the gentleman from Georgia (Mr. DAVIS).

Mr. DAVIS of Georgia. Mr. Chairman, I rise in support of the bill under consideration, H.R. 7960. I should like to associate myself with the remarks of the distinguished gentleman from Texas (Mr. CABELL) and the distinguished gentleman from California (Mr. BELL). As chairman of the Subcommittee on Science, Research and Development, I should like to commend the legislation before us today to each and every Member of this body.

The National Science Foundation proposed a good budget to the Congress this year. The Subcommittee on Science, Research and Development took that budget and made some significant improvements in it, improvements which were approved by the full Committee on Science and Astronautics. These changes were made within the overall budget total proposed by the administration. I think this indicates that the committee has shown due respect to those very real fiscal restraints which we must all keep in mind.

I mentioned that the committee had improved the budget which was presented to it by the administration. I believe this improvement comes about from the particular mix of programs which were approved for the National Science Foundation in fiscal year 1972. H.R. 7960 presents a balanced approach to science education and basic research. It is this balance which is necessary to maintain, in the long term, our national strength in science and technology.

There are those today who say we have a surplus of scientists and engineers and therefore must cut back severely in our support of science education. This shortsighted view could get us in serious trouble. In the first place, I have no doubt that a resurgence of our economy would almost overnight result in a shortage of engineers and scientists. Secondly, the leadtime in the production of Ph. D.'s is so long that, at least in my opinion, it is clearly in the national interest that Congress lend what encouragement it can to graduate students to carry their studies to the doctoral and postdoctoral level.

We must not let circumstances of the moment lead us into making policy decisions which will be disastrous for our Nation a decade or more in the future.

Mr. Chairman, H.R. 7960 calls for total budget authority of $622 million, including $3 million in excess foreign currency. I believe this amount is the very minimum necessary to fund the National Science Foundation programs for next year. These are expenditures which our Nation cannot postpone.

In science education and basic research, time once lost cannot be recovered. The opportunity to educate that particular individual who might be our next Newton or Einstein comes but once. If that opportunity is missed, we will not have another chance.

The same goes for progress in research. There, also, we rarely get a second chance. The Germans missed a golden opportunity in the Second World War to develop the atomic bomb. We seized it and won the war.

I do not mean to say that national security is the ultimate justification for the support of all research and development, although scientific breakthroughs made without major impact on national security are so rare as to be hardly worthy of notice.

Commercial and economic advantage for our Nation are fully as important as considerations of national security in determining our justification for the support of basic research. Japan, Western Germany and other developed nations are making giant strides in closing what some people have described as the research gap. We must keep our technology in the forefront to maintain our position as world leader in technology and the products it fosters. If we lose our position of excellence in science, we can be assured of eventually losing our lead in technology, also.

I should like to address one aspect of H.R. 7960 which I think is very important. Section 1 of the bill specifies a line item of 12 categories for fiscal year 1972. I want to make sure that this action of the committee is not misinterpreted as a lack of confidence in the administration of the National Science Foundation. I have the highest personal regard for the director and his staff. They have done an excellent job in the past and I have every confidence that they will do the same in the future.

But there are valid reasons for instituting a line item budget at this particular time. The sheer size of the NSF budget is one reason. It has increased from a level of less than $200 million in fiscal year 1961 to over half a billion dollars a decade later. There is also a greater need for Congress to be informed concerning the NSF programs. As these programs become larger, a formal mechanism is necessary to assist in this information transfer.

I consider myself to be a friend of science. It has held a keen personal interest for me over many years. I have the highest regard for the scientific community and its individual members, and have great hopes that science and the technology which results from it will be the deciding factors in our constant search for ways to improve the quality of life.

But I also consider myself a realist. For me, one pragmatic success is worth a hundred elegant failures. This sense of pragmatism dictates that one must take extreme care to spend public funds on science in ways that are responsive to the will of those who furnish the funds. The line item budget in this bill establishes certain priorities reflected in the Congress. It gives the Members of Congress a greater assurance that their wishes will be followed in fiscal year 1972.

In the long run, I think the line item budget will result in increased respect for NSF by the Congress. This budget is a necessary step in constructing a firm basis for future relationships. If the NSF is to continue to grow as many of us think it should, this kind of budget is a needed part of the environment for fostering that growth. It is for these reasons that, as chairman of the Subcommittee on Science, Research and Development, I asked that a line item budget be prepared early this year. I am pleased to see that it is reflected in the bill before us today, and sincerely feel that H.R. 7960 is strengthened by its inclusion.

Mr. Chairman, the resources which H.R. 7960 provide for the National Science Foundation are a necessary step for the United States to maintain its position of excellence in the sciences and technology. I urge all of my colleagues to support it.

Mr. Chairman, I should like to include at this point some recent articles relevant to the legislation under consideration.

[From Science, Apr. 2, 1971]

TECHNOLOGY AND WORLD TRADE: IS THERE CAUSE FOR ALARM?

(By Philip M. Boffey)

For several years now Europeans have been complaining bitterly about an alleged "technology gap" between the United States and Europe which supposedly gives American corporations such an advantage in world trade that they can beat down foreign competitors with the flick of a computer switch. American opinion has long regarded that image as grossly overdrawn, but leaders of the American technological community have recently been nourishing some fears and apprehensions of their own. For the past year or so, technology experts in this country have voiced increasing concern that the United States is in danger of losing its preeminence in advanced technologies, particularly those technologies that are important in world trade. The most pessimistic of these experts predict that foreign industrial powers—usually Japan and West Germany—will eventually overtake the United States and gobble up a major share of the world market in high-technology products, thus threatening future economic growth in this country and causing a severe balance of payments deficit to boot. The irony in the situation is apparent. While foreigners seem worried that the American technological colossus will get so far ahead that it can't be competed with on equal terms, the Americans seem alarmed that the hot breath of foreign competition is already on their necks.

Perhaps the highest ranking government official to feel the foreigners closing in has been Secretary of Commerce Maurice H. Stans, who told the Joint Economic Committee on 17 February that "the trend of our trade balance is of great concern." The thrust of Stan's testimony was that the United States has relied on exports of "technology-intensive" manufactured products to provide a favorable balance of trade, but in recent years our exports of these products have not been sufficient to make up for rising deficits in other goods. Moreover, according

to Stans, our imports of "technology-intensive" products have been increasing more than twice as fast as our exports of these products. "Our technological superiority is slipping," he warned.

Similar concerns have been expressed by a number of leaders in the scientific and engineering communities. Patrick E. Haggerty, board chairman of Texas Instruments, Inc., told a congressional committee last August that "even in technology-intensive products, and after our tremendous national expenditures for research and development, our lead over our industrial competitors and customers in the industrialized world is narrowing rapidly." Myron Tribus, former assistant secretary of commerce for science and technology and now a senior vice-president with Xerox Corp., warned in a speech last December that "we are not as inventive, compared to the rest of the developed world, as the myths would have us believe." And even William D. McElroy, director of the National Science Foundation, an agency concerned primarily with basic research, told a recent science writers' seminar: "We're concerned now that this country's going to get behind in the technological developments."

GREATER CHALLENGE THAN SPUTNIK?

Alarm over these trends seems to emanate from at least three major institutions on the Washington scene. One is the National Academy of Engineering, which devoted its fall meeting last October to a symposium on technology and international trade. The reason for choosing this topic, according to symposium chairman John R. Pierce, a research executive at Bell Labs, was that "Today we are facing a technological challenge far more important to us and far more difficult to meet than the challenge of Sputnik." As described by various speakers at the meeting, technology affects international trade through two channels: (i) new machines and new processes can lower the cost of producing traditional goods, thus improving the competitiveness of these goods in world markets; and (ii) wholly new products, such as jet aircraft and computers, can dominate the international market when first introduced because they are far better products than are available elsewhere.

A second concerned group is the President's Science Advisory Committee (PSAC), which has a panel, chaired by Texas Instruments' Haggerty, looking into the impact of science and technology on economic matters. The Haggerty panel seems to boast one of the most elite memberships of any PSAC committee. It includes two former presidential science advisers, Lee A. DuBridge and Donald F. Hornig; the current president of the National Academy of Sciences, Philip H. Handler, and his immediate predecessor, Frederick Seitz; such high-powered industrial research executives as Arthur M. Bueche, vice president of General Electric, and Michael Ference Jr., vice president of Ford; and a slew of other scientists, industrialists, and economists. The panel has not yet issued a report, but Haggerty's expression of concern to the congressional committee last August presumably reflects the thrust of the group's thinking. So, too, presumably, does a comment made by another panel member, William D. Carey, former assistant director of the Budget Bureau. "There are grounds to be deeply concerned about the intensity and diversity of what this country is doing in the field of technology," Carey warned at a science writers' seminar last month. "And if you want to pursue this just look at the balance of trade data for the last several years. . . . I think that if this country sits still and lets some of its most capable and sophisticated and organized and managed technological industry fall apart through disuse—as is happening—it's going to be maybe ten years and a lot of suffering to put it back together."

The third concerned institution, and in some ways the most influential, is the Department of Commerce. The Department's position seems to be based largely on an analysis of world trade prepared by Michael T. Boretsky, a 50-year-old senior policy analyst who has specialized in such matters as the technology gap, and the relative technological strengths of the United States and the Soviet Union. Boretsky's views—which are by no means widely accepted among professional economists—seem to pop up everywhere in the discussion of international technology problems. Boretsky was the chief doom-sayer on the Academy of Engineering program last fall. He sits on the prestigious PSAC panel—indeed, his work formed the basis for panel chairman Haggerty's congressional testimony. And his analysis provided the framework for Secretary Stans' recent testimony, as well as for much of Tribus speech of last December. It is probably not fair to say that Boretsky is personally responsible for the crescendo of alarm. But it is fair to say that many of those who have publicly expressed concern over America's technological leadership have leaned heavily on Boretsky to provide them with the ammunition to prove their point. Thus a closer look at Boretsky's thesis seems warranted.

One of the most detailed expositions of Boretsky's views is contained in a paper prepared for publication in a forthcoming symposium volume emanating from last fall's meeting of the National Academy of Engineering. In that paper, and in his talk at the symposium, Boretsky analyzes what has been happening during the 1950's and 1960's to U.S. trade in four categories of exports. He also analyzes trade between the United States and four regions of the world. Though the picture varies from commodity group to commodity group and from region to region, he says, "the overall picture is that of a long-term and drastic deterioration of the U.S. position."

The gist of the situation, according to Boretsky, is that the United States has for years experienced trade deficits in two of his categories—namely, raw materials (because of the insatiable appetite of American industry) and manufactured products that are not technology intensive (a function largely of comparative price levels). The picture in a third category—agriculture—"is not quite clear, but hardly promising," Boretsky says, while the situation in the fourth category—technology-intensive manufactured products—is "rapidly deteriorating."

REASONS FOR CONCERN

The focus of Boretsky's concern is this fourth category of technology-intensive manufactured products, which includes chemicals; electrical machinery and apparatus, including electronics; nonelectrical machinery; all types of transportation equipment, including aircraft and automobiles; and scientific and professional instruments and controls. (Technology-intensive products were defined on the basis of an industry's scientific and engineering manpower, R & D expenditures, and relative skill level of workers.) Boretsky notes that this commodity group is the "most voluminous" in our export trade and is "the only one that has consistently yielded surpluses that have covered the deficits in trade with other commodity groups as well as the deficits arising from other U.S. financial transactions with foreign countries." He notes that the trade balance in these products improved until the mid-1960's when it leveled off at about $9 billion and has remained in the $9 to $10 billion range ever since.

Boretsky finds this leveling off a cause for concern, for he believes the overall figures mask a rather disturbing trend. American imports of technology-intensive products have grown almost 2.5 times as fast as American exports of these products over the past two decades, Boretsky says, but this disparity of growth rates has not been particularly noticeable since the imports were growing from a rather small base. Nevertheless, the aggregate dollar value of imports reached 55 percent that of exports in 1969 and, if the growth rates continue as they have in the past, our traditional surplus in technology-intensive goods will soon begin to decline. Within the category of technology-intensive goods, the United States is still doing well in the most sophisticated products, such as computers, Boretsky told *Science*, but this "upper limit of sophistication is growing tinier and tinier."

In analyzing trade patterns between the United States and various regions of the world, Boretsky concludes that we have suffered a "rapidly deteriorating trade position with practically all the developed world, and a dramatic deterioration with Japan and Canada." With Japan, in fact, the United States has had a trade deficit in technology-intensive products since 1965. Largely due to deficits in electrical and electronic devices, scientific instruments and controls, and automobiles.

The upshot of all these trends, according to Boretsky, is that our overall commercial trade balance (excluding grants, aid, and other noncommercial transactions) made a 180 degree turn in just 6 years—from a surplus of $1.7 billion in 1962 to a deficit of $1.3 billion in 1968—the first such deficit in 93 years. In 1969 the commercial balance improved but remained some $600 million in the red, and in 1970 it improved even more dramatically, almost certainly producing a net commercial surplus. But Boretsky argues that the "apparent" improvement in 1970 is "a mere illusion"—"an aberration rather than a reversal of the long-term trends."

What factors have caused the deterioration in the U.S. trade position? Boretsky argues that the "most important cause" has been "U.S. industry's gradual loss of industrial and technological superiority (or narrowing of the 'gap')." Contributing factors have included the "weak international price competitiveness of U.S. industry" and "the inadequate endowment with natural resources in the United States relative to the economy's needs."

Boretsky finds no evidence that the United States is falling behind technologically in any kind of absolute sense. Indeed, he explicitly states that there is "no evidence whatever" that the *level* of technological and industrial capabilities in competing countries "has surpassed those of the United States in any important product line." But Boretsky does conclude that Western Europe's, Japan's, and Canada's industrial and technological capabilities (a term which refers to the "quality" of know-how as well as its scope) are growing at *rates* faster than the United States'. This faster growth rate has caused a narrowing of the gap, he says.

Thus the outlook, in Boretsky's eyes, is not very encouraging—indeed, it gives cause for "very serious concern." But it should be noted that many distinguished economists—some with credentials more impressive than Boretsky's—would disagree with his analysis. "It's too simpleminded," one top government economist told *Science*. "We had a big inflation that adversely affected international trade, and there's been a real slowdown in productivity in the American economy in the last couple of years. As far as I know we're still exporting high-technology products like aircraft. It's with the old generation electronics stuff, where we're no longer pushing the state of the art, that the Japanese are making inroads." Another top economist—a recognized authority on international trade—muttered that the scientists and engineers who have been spreading gloom are "out of their depth" when they try to analyze causal factors behind international trade patterns.

Perhaps the most pointed criticism of Boretsky's view has been offered by Richard

N. Cooper, professor of economics at Yale University and former deputy assistant secretary of state for international monetary affairs. Cooper appeared on the same panel as Boretsky at the National Academy of Engineering meeting, and he argued that Boretsky's figures were "a bit misleading" because they spanned periods of time in which the economy was acting in different ways under different pressures. Cooper's own contention was that, in the period between 1955 and 1965, U.S. exports of research-intensive products did not suffer more than did other U.S. exports. Thus he suggested it is unlikely that our trade performance can be explained as due to "a loss of technological lead." Cooper suggested instead such factors as a rise in U.S. export prices and the formation of European trading blocs, which retained duties on U.S. goods.

In the period since 1965, Cooper said, inflationary pressures associated with the Vietnam war have been "the major factor by a long margin" in our deteriorating trade posture. "Exceptionally strong pressures of demand in the United States, resulting largely from expenditures associated with the war in Viet Nam, resulted in unprecedented increases in imports from other industrial countries, including imports of research-intensive goods," he said. Thus, where Boretsky assigns inflation a secondary role, Cooper gives it the primary role in recent years.

Moreover, Cooper does not seem greatly worried by the fact that European and Japanese firms are showing greater capacity to innovate and to diffuse new techniques. "While the United States should be alert to the possibilities that its own innovative capacity could diminish, it should not lament the growing innovative capacity abroad," he said. "There is a great deal of scope for commercial diversity, and specialization is mutually beneficial even—or perhaps especially—in invention."

Another analysis that conflicts with Boretsky's has been offered recently by Robert Solomon, an adviser to the Federal Reserve Board and director of the Fed's division of international finance. Solomon, like Cooper, argues that excess demand and rising prices caused by Vietnam war expenditures caused our balance of payments problems in the late 1960's. Studies done at the Fed, he said, "show that if the United States had avoided inflation while keeping the economy on a full employment growth path in 1965–69, our trade balance would not have deteriorated. The relevance of that finding is that the reduction in our trade surplus was not inflicted upon us; we lost it ourselves by tolerating inflation." Unlike the doomsayers, Solomon expresses "a fair degree of optimism regarding the future of the U.S. trade balance."

Still other analyses call into question some of the assumptions of those who are worried about trade deficits. A recent paper by Lawrence B. Krause, an international trade expert at the Brookings Institution, for example, suggests that substantial trade deficits in coming years may not be a bad thing, for they will almost certainly be offset by even more substantial income from American investments abroad. "It is not hard to visualize the United States in equilibrium even with a trade deficit quite large by world standards," Krause says. (Boretsky's analysis deals solely with merchandise trade, not with foreign investments). Another recent paper by Lester C. Thurow, professor of management and economics at M.I.T., published in the March 1971 issue of *Technology Review*, questions whether increased expenditures for R & D—a pet recommendation of many of those who seek to improve our international standing in advanced technologies—necessarily produce technical advance. "While it may seem almost axiomatic that more research and development activities should lead to more technical progress." Thurow writes, "it is difficult to postulate this axiom on the basis of American history since 1940. More research expenditures do not seem to lead to more technical progress."

Thus, there does not seem to be much agreement as to whether we are in danger of losing our vaunted technological superiority, or as to whether technological factors have played much of a role in recent trade problems. Some economists interviewed by *Science* felt that the technologists are getting alarmed over economic trends they don't understand. But some technologists retort that the economists pay too little attention to technology. As Myron Tribus observed: "Recently I took time out to study what economists do about technology in their mathematical models of national economies. To my amazement I found that technological indices play no real role. . . . I am quite concerned over the power wielded by economists in determining national strategies while those who understand technology are in such a peripheral status."

Part of the problem seems to be that economists have had great difficulty in finding a compatible and efficient way to handle the technological factor. As a result, writes Raymond Vernon, professor of international trade and investment at Harvard University, economists "have been slow to incorporate that [technological] variable explicitly in the main body of trade theory."

One of the few economists who seems to have looked closely at Boretsky's data is Richard Nelson, professor of economics at Yale, who has done pioneering work in the economics of research and technology and who sits on Haggerty's PSAC panel. "I'm basically with Boretsky," Nelson told *Science*. "I think the argument is almost unassailable." Nelson said he agrees that an erosion of U.S. technological leadership is the key factor behind trade balance problems, but he seems somewhat less worried about the situation than is Boretsky. "Boretsky waves his arms and screams too much," Nelson said. "I'm quite worried about his alarmist tone. It may force us to do silly things." Nevertheless, Nelson credits Boretsky (who is not widely known in the economics community) with making "a major contribution" by pulling together and analyzing data that no one else seems to have studied. Nelson said that while a handful of economists have, for the past decade or so, been studying the impact of technology on international trade, their work is still only trickling into the main line literature. "I don't feel my conferees realize how important it [technology] is," Nelson says. "It's very important."

[From U.S. News & World Report, Jan. 13, 1971]

APPLYING SCIENCE TO INDUSTRY—WHY AMERICA FALLS BEHIND

(NOTE.—Following are excerpts from an address by Dr. Myron Tribus, senior vice president, Xerox Corporation, at the annual meeting of the American Society of Mechanical Engineers in New York City, Dec. 2, 1970)

Most Americans believe that their society is the unchallenged leader of the world when it comes to the development and utilization of things technical. Most of my fellow citizens believe that all Americans are born with a superior aptitude for things technological and that, despite anything society as a whole may do, the right technological systems will always be available at the right time. Our national programs and plans all have been predicated on the belief that we have an inexhaustible well of technological advantage over the rest of the world. . . .

But today we see unemployed engineers, while all around us there are problems which cry out for technical solutions. Our cities need to be rebuilt, our transportation systems are decayed and unprofitable, our air and water need to be reclaimed, our power plants do not keep up with our electrical needs.

Surely there is something wrong if the so-called leader in technology needs to consider import quotas to protect it from foreign competition. It is time to re-examine this myth.

We have always had a wage difference between our workers—and managers—compared with other countries. Heretofore, our superior technology has made up the difference by productivity gains—and then some. The leaders of our textile industries say they cannot compete. What does it profit a nation if it gains the moon and loses its shirt in the process?

After World War II this nation set about helping the rest of the world to recover and to master the latest technologies. We have been generous in exporting our technology. But at the same time we have not taken the steps to guarantee that our own civilian industries would keep up. We have been concentrating our efforts on defense, space and atomic energy. In these areas, and in the technologies related to them, we have held commanding leads. But in the other areas of our economy, we are not in good shape. . . .

Technology is the essential ingredient in all of our profits—and it is the profit from our activities which supports our efforts for social advance. The funds for poverty programs, health programs, educational programs, urban-renewal programs, defense programs—all come from the economy. And if we falter technologically, the funds for these programs will begin to evaporate.

Technology helps in two ways:

It can lower the cost of doing things, whether we are producing goods or abating pollution, technology saves effort.

It can increase the value of products by better design, greater reliability, greater service, greater aesthetic appeal, or use of substitute materials.

We represent but 6 per cent of the world population, yet we now use as much as 50 per cent of the world's resources. Inevitably, as the rest of the world catches up, we must adapt. If the effects are not to be catastrophic, we must learn to use less energy and different materials. . . .

There are quite a few signs that we are not as inventive, compared with the rest of the developed world, as the myths would have us believe. For example, Table I gives a tabulation of patents per capita for a few nations of the world. The data are for 1963; the Commissioner of Patents tells me that the situation since has become poorer.

Table I.—Patents taken out in foreign countries (per capita, normalized to make U.S. equal 100) in year 1963:

United States 100, United Kingdom 96, West Germany 175, Netherlands 181, Sweden 168, France 65, Belgium 65, Italy 31, Japan 12.

(Source: Unpublished tables assembled by M. Boretsky, U.S. Department of Commerce.)

The employment of technical personnel in research and development is an indicator of how well a society will do in technology in the future. It is a necessary but not sufficient condition for strength in technology.

There is, of course, the problem of exploiting the technology—a matter of institutions, laws and entrepreneurial zeal. But without the effort in research and development, there will be nothing to exploit.

These figures are harder to come by. For the U.S., for example, it is difficult to estimate how much the military and space research and development ought to be credited to civilian purposes.

The following table was constructed taking 10 per cent of space and military research and development in the U.S. as applicable to the "civilian" economy:

Table II.—Professional manpower in civilian R&D (per unit of population, normalized to make U.S. equal 100) in year 1963:

United States 100, United Kingdom 145, West Germany 95, Netherlands 157, Sweden 138, France 85, Belgium 82, Italy 33, Japan 125.

(Source: Unpublished tables assembled by M. Boretsky, U.S. Department of Commerce.)

It is important to realize that these figures are for 1963. All nations have shown an increase in technical effort except the U.S., which lately has shown a decline.

"WE ARE IN A TOUGH RACE"

As a technically trained person, I do not need to have statistics to realize that we are in a tough race. The eagerness with which the Japanese study and improve upon engineering designs is impressive. The Japanese have not hesitated to develop new forms of co-operation between business and government to accelerate the development of technology. The eagerness of the Japanese used to be amusing. It's now no joke to those who must compete with "Japan, Incorporated."

Technological deficiencies in any aspect of a society are a reflection of a weakness in the management. In the early 1960s there was an outcry in Europe over the so-called technology gap, which pictured the U.S. as having such an overwhelming lead in technology that the Europeans would be forever confined to second place. Since that time we and the Europeans have recognized that there was no technological gap; the technologies are readily available the world around. There was, however, a managerial gap—or a competence to manage technology. American-based companies were quick to recognize the opportunities which were available and they moved overseas. The "gap" provided an opportunity to export both technological and managerial know-how. It was very profitable. . . .

My professional opinion is that we have held a steady pace but the rest of the world is gaining. In a way, that's what we wanted. That's what all the aid plans were all about.

But unless we apply superior technology, not just *equivalent* technology, we shall not be able to compete without a material reduction in our wages. There are many who say our wages are already so high as to price us out of the market. To what extent this is true must vary from industry to industry. But surely we are a long way from reaching our ultimate potential in developing and applying new technology for greater productivity

I have introduced these statistics to make a point which needs to be made to those who would lead the country in business or in politics: The ability to apply technology has made a difference in the past. It will in the future. Technology makes the difference between profit and loss. It means the difference between victory and defeat in warfare. It can mean the difference between controlling pollution and wringing our hands over ecology.

After almost two years in Government, I can report to you that, aside from rare exceptions, the leadership in both the executive and legislative branches doesn't have the foggiest notion of how to deal with technology. In the executive branch, except for the Defense Department and the heads of the National Oceanic and Atmospheric Administration, the National Bureau of Standards, the Atomic Energy Commission and the National Aeronautics and Space Administration, there are few highly placed, technically qualified men who are in other than advisory capacities. The name of the game in Washington is *power*. And power is not in the hands of technically qualified people. . . .

Ours is a large nation which must necessarily be served by large institutions. But large institutions, with a few notable exceptions, are not the sources of creative innovation in our society.

The reasons why creative breakthroughs come most often from outside large corporations are not hard to find. Creative ideas rock the boat. If too many approvals are required before an idea can be born, the probabilities are overwhelmingly against it. I believe the Soviet Union will have to solve this problem or it will forever have to get modern plants from Ford, Fiat or somewhere else outside its boundaries.

We are inescapably big. Our trillion-dollar economy is not going to be served by 1 million enterprises, each of 1-million-dollar gross output. It must have a spectrum of sizes, including some of multibillion-dollar proportions. Now we simply cannot afford to let these giants grow out of date; the cost to the rest of us is too great. What can we do to keep these institutions from becoming like dinosaurs and taking us down with them as they go? . . .

The key to industrial renewal is technology. If our industries are to remain healthy and our national capabilities adequate to our needs, we must have a national policy on technology which fosters its growth.

The key to the development of technology is managerial—the decisions to trade today's profit for tomorrow's technology. It is in the national interest that these decisions be biased toward greater improvement in technology.

There is room to improve our industry. I have spent some time trying to introduce better technologies in several industries. The managements always say they have the best technologies, that they are using the latest proven methods, that they have the optimum investment in improvement. But data on comparative performance argue otherwise. . . .

PUTTING IDLE TALENT TO WORK

The key to improvement lies in incentives to management to use the idle talent of the nation. I therefore urge that as an emergency measure, perhaps for the next five years, the Government enact a special tax credit for industries which increase their research-and-development budgets to a specified percentage of sales, say 5 per cent. For this purpose I would include as R&D only those efforts aimed at understanding or improving manufacturing processes or products.

By this move the Government could help some of the unemployed technical personnel, the lagging companies and the state of U.S. technology.

In addition to this emergency measure to encourage the development of new technology, we should immediately launch a full-scale analysis and evaluation of all sectors of American life to pinpoint barriers to the application of technology where improvement is clearly feasible and desirable. We will find these barriers in the form of laws, regulations and procedures which stifle incentive, and outmoded traditions or myths

Finally, let us recognize reality and begin to take first steps toward a new era of American technological renewal. The sheer size and scope of our present problems suggest technology may be an essential ingredient in social renewal—in our continuing quest for a better society.

[From Science, May 21, 1971]

NSF MAKES HEADWAY

The National Science Foundation (NSF) budget appears to be on schedule and on course through Congress this year and so far has not encountered the heavy weather to which it grew accustomed in years gone by. In the first phase of the authorization and appropriations process, the House Science and Astronautics Committee made some shifts of funds among programs but reported out a bill (H.R. 7960) which retains the general shape and the same total budget of $622 million proposed by the Administration.

The House committee decided to restore Administration cuts amounting to about $40 million mainly in science-education and institutional-support programs. The committee compensated for the action principally by reducing by $30 million funds requested by the President for NSF's program of Research Applied to National Needs (RANN) and by making sizable cuts in support of grants for research.

RANN is NSF's showcase effort to encourage applied research on issues relevant to society. The committee seems to have decided that the Administration's request to increase funding from $34 million in the current fiscal year to $81 million next year was overdoing it. The committee cut the figure to $51 million, which still represents a 40 percent increase.

The decision to restore funds for science education and institutional support reflects committee differences over priorities with the Administration which has taken the general view that programs to expand the supply of scientific and technical manpower should be restrained in view of current unemployment in the field. In the case of science-education funds, a high-intensity lobbying campaign also seems to have had an effect. Two programs in particular profited from the salvage effort. These are the Student Science Talent Program, which provides funds to finance summer programs in universities and research institutions for high school students talented in science, and the Undergraduate Research Participation Program, which does what the name implies for college students. Planned Administration cuts in both programs precipitated a shower of protests to congressmen emanating from directors of the 125 programs for high school students and satisfied parents. One source in the committee said, "I don't know whether it was organized or not. If it was, it was damn well done." The high school program gets $2 million and the college program $4 million for the year.

The House authorization bill came out of the subcommittee headed until the last election by former Representative Emilio Q. Daddario of Connecticut and now chaired by Representative John W. Davis (D–Ga.).

Besides shifting funds, the House committee narrowed the discretionary powers of the NSF director in "reprogramming" money. The committee "line-itemed" the bill, that is, it specified amounts to be spent in particular categories. In addition, for the first time the committee required the NSF to inform Congress and receive word of approval from the responsible committees within 30 days before transferring funds from one category to another. Observers say that the action was meant by the committee as a rap on the knuckles for NSF director William D. McElroy for not telling it about cutbacks in institutional support programs.

NSF budgets have historically suffered their greatest traumas at the hands of the House Appropriations Committee. The committee has not completed action on the bill, but the word from those who have attended the closed hearings before the Appropriations subcommittee headed by Representative Edward P. Boland (D–Mass.) is that the atmosphere has been friendly and there has been no talk of major surgery as in other years.

The NSF fiscal 1972 budget still has a considerable distance to go. There has been no action on authorization or appropriations measures in the Senate. The authorizing subcommittee headed by Senator Edward M. Kennedy (D–Mass.) is expected, however, to hold early hearings. In the scenarios of past years the Senate has been the scene of rescue attempts on behalf of the NSF budget, but, unless there are some unexpected twists in the plot, this could be the year the NSF avoids a cliff-hanger.—J.W.

[From Nature, Apr. 9, 1971]

PITFALLS FOR NATIONAL SCIENCE FOUNDATION

The National Science Foundation occupies a central place among scientific institutions

in the United States, which is why its influence is necessarily greater than the mere size of its budget would suggest. What has happened in the past few months in Washington suggests that the National Science Foundation has taken the measure of its own importance, which is a step in the right direction. There are also signs, however, that the foundation is beginning to stray from the straight and narrow path along which the interests of basic science in the United States must lie. Both at the hearings before the subcommittee on Science Research and Development two weeks ago and from what officials of the foundation say about their intentions for the next few years (see page 348), it is plain that important innovations have been embarked on. Now is the time to ask whether they make sense.

The longest shadow will be cast by the new policy on supporting graduate students at colleges and universities. The foundation has reconciled itself to the policy it accepted with a show of reluctance last year of doing away with traineeships awarded to graduate schools and used for supporting selected students, restricting the number of fellowships awarded competitively to 500 each year and dispensing altogether with grants to institutions, usually university departments, where there seems to be a need either to strengthen or to preserve an organization capable of contributing in an important way to the output of PhDs.

The foundation has in the process turned away from the principle established in the years immediately after the flight of the first Sputniks that the resources of the federal government should be used to train large numbers of highly qualified scientists and engineers. To be sure, it will still be possible for aspiring graduate students to be carried on the backs of those applying for research grants, but it seems openly to be acknowledged that one result of such a dependence will be to favour the large state universities at the expense of the private universities on the one hand and the universities with immature or even non-existent graduate schools on the other. There are also dangers in the way in which the new system will require graduate students to depend for the continuation of their work either on the success of their supervisors in getting grants renewed or on the necessarily straitened funds of universities. In the circumstances, it is for the foundation to show that its change of policies wise.

Most explanations of the change of course include some reference to the labour market for PhDs, and it is true that these are difficult times for fitting some kinds of PhD graduates into jobs that seem to them to be acceptable. The trouble, in this and other fields, is that the labour statistics are probably misleading and certainly irrelevant. For one thing, the incidence of unemployment among PhDs is probably much less than the news of hardship among physicists, for example, would suggest. (It is in any case disingenuous of the Administration to feign surprise at a development which is in part at least a consequence of government policies towards the aerospace industry among others.) Second, there is no reason to suppose that present difficulties imply permanent surpluses. A resurgence of the United States economy could replace surplus by shortage within a very few months. The lead time in the production of PhDs is so long that there is even a case for thinking that when there is an apparent shortage, the Administration's influence should be used to ensure that recruits are not frightened away from the graduate schools. Third, it is more than probable that some of the difficulties of placing PhD graduates stem from too narrow a view of the jobs which they can usefully and respectably take on, which in turn implies that the shortage could go away as the labour market becomes more flexible and imaginative. To be sure, there may be much in what the National Science Foundation in the United States and the Science Research Council in Britain are saying about the need for alternative courses to the conventional PhD, and this is one thing on which the universities should concentrate their attention.

Where the justification of the National Science Foundation's new policy is concerned, however, what matters is not the threat of over-production of PhDs, real or imaginary, for, after all, even in its heyday the foundation has supported only rather less than 10 per cent of graduate students in science and technology by means of traineeships. Keeping on with them would not in itself deny the foundation an opportunity to balance supply against demand, for there are still handy regulators in the alternative methods of keeping on promising graduates as research students. The foundation's support for research assistants through its research grant programme is one obvious method of control. Where the new policy will make a difference is in the ease with which graduate schools are able to emerge in places where they do not exist at present.

So is it that the foundation has decided that there are already too many universities with ambitions of this kind? Something like 200 out of 2,000 American universities are at present providing graduate education on a substantial scale and most policies in the past few years have been founded on the assumption that this is too narrow a base for comfort. This, for example, was one of the points made eloquently two years ago by the National Science Board in its statutory report to Congress. What has happened since to change the situation? How can the Administration be sure that its new dispensations will not increase the difficulties of recruiting good teachers to out of the way places? Is there not a danger that in the new arrangements, it will be harder than ever for the graduate schools to aspire to the diversity which is desired and probably desirable? Will not the change of policy reinforce the dominance of the large state universities in the pattern of graduate education in the United States? Above all, is there not a serious risk that the new system will limit the capacity of the universities to provide advanced training for the large numbers of students almost certain to be required by the late seventies? The foundation would be in a better position to shrug off the last question if it had been more diligent and more expert in making the manpower studies which are plainly necessary. On the face of things, it is taking a great risk.

Much the same is true with the foundation's programme of applied research, another important innovation for 1972. The danger here is that the foundation may have bitten off more than it can comfortably chew. To be sure, everybody agrees that it would be a splendid thing if science and technology could be harnessed to what have now been called "national needs". The problem is that wishes do not easily become realities. In the past few years, for example, there has been a great deal of disappointment in the implicit promise that science and technology automatically bring prosperity as measured by the rate of growth of the GNP. Is tnere not now a danger that many of the programmes being mounted by the National Science Foundation will convey the implicit promise that national needs of particular kinds will similarly be satisfied? The programme of meteorological research will almost certainly be fruitful, for example, if only as a means of keeping other agencies (such as the newly created National Oceanographic and Atmospheric Agency) on their toes. But is there not a danger that by marketing the project as one that is somehow linked with the possibility of controlling climate, the foundation may be giving hostages to fortune? The other projects on the foundation's shopping list at present are similarly well constructed, but here again there is a danger that too much may be expected of them. If anything, the name chosen for these activities as a group—Research Applied to National Needs—is too grand for comfort. Would it not be prudent for the foundation to back-pedal gently on this issue?

Another continuing source of anxiety is the distribution of resources. Over the years, the foundation seems constantly to have been tempted to spend its funds on schemes not strictly relevant to its primary objectives. Even if the new budget comes true, less than a half of what the foundation spends will go on the support of research in universities. The new programme of applied research promises to be one of the fastest growing in the foundation's pattern of activity. The obvious danger is that it will turn out to be a diversion of resources from the overriding task of making the fullest use of the intellectual resources of the United States. Only time will tell, but this is one of the points at which the foundation's critics will direct the closest attention.

The foundation's credibility would be more easily assured if it were somehow able to carry greater weight. The appointment of four distinguished scientists as assistant directors has not by itself removed the fuzziness which characterizes the dealings of the foundation with the outside world. In comparison with the National Institutes of Health, for example, the foundation gives the appearance of being less confident of its internal machinery. Certainly the study sections of the NIH, responsible for awarding research grants, have a prestige to which the corresponding committees of the NSF have hardly begun to aspire. And it remains a painful fact that after several years of promises about the development of manpower statistics, the foundation is still at a loss to know the full extent of the supposed surplus of PhDs. Sceptics outside must inevitably be alarmed that the growth of the foundation's budget will not be matched by the growth of its capacity to deal with day to day business. This is another point to keep the management awake at night.

[From Nature, May 7, 1971]

RANN CUT DOWN TO SIZE

The National Science Foundation has been only partly successful in its gambit of swinging nearly $100 million worth of extra funds through Congress under a newfangled and variegated umbrella called RANN. Last week, the Science and Astronautics committee of the House of Representatives told the foundation to reassign to its educational programmes the money they had been stripped of in order to bolster the RANN scheme. The committee also compartmentalized the foundation's budget so that funds cannot later be juggled around to thwart the committee's intentions. Subject to these reallocations, the committee has authorized the House to vote the full $622 million budget for the NSF requested by the Executive.

These actions are the recommendations of the committee's subcommittee on Science, Research and Development which since March has been holding hearings on the NSF budget under its new chairman, John W. Davis of Georgia. The $622 million being requested of Congress for the fiscal year starting in July represents a substantial increase over the $506 million the foundation received last year. Of this increment, $74 million is for the support of projects transferred from or abandoned by other agencies, but even so, the foundation came out of the budget-making operation last February rather better than other agencies, a position for which it was required to make certain sacrifices.

Chief of these was the castration of its educational and training programmes; support for institutions was chopped from $34.5 million in 1971 to $12.0 million and the science education support programme was reduced from $100.6 million to $77.3 million. The rationale for these economies is the official belief that the supply of scientists is now sufficient and there is no need to expand production. The surplus so created has been funnelled into applied science projects, lumped under the title of Research Applied to National Needs or RANN.

The National Science Foundation is customarily thought of as the patron of basic research, in contrast with the mission-oriented agencies which support applied research. But foundation officials have made increasingly bolder use of a loophole inserted into the foundation's charter in 1968 which sanctions the support of applied research. When justifying a budget, first before the Office of Management and Budget and then before Congress, it is easier to defend applied research than the purer sort, which may have much to do with the abrupt escalation in the NSF's support of applied research, from nothing in 1969 to $12 million in 1970, $34 million in 1971 and a proposed $81 million for the coming fiscal year.

The $81 million for RANN is nearly a third of the total funds assigned to scientific research project support. (The $257.8 million assigned to the latter programme, however, includes $27.6 million for engineering and $12.8 million for materials research. Counting these with RANN as applied research, the NSF's proposed budget for 1972 contains $121 million for the support of applied research projects and $217 million, or less than twice that, for the sustenance of basic research.) The growth of the RANN programme has this year been made at the expense of the education programmes, and it is this shift that the House subcommittee has reversed.

The subcommittee, supported by the parent Science and Astronautics committee, has lopped $30.6 million off the RANN programme and another $11.7 million off the scientific research project support. These savings have been redistributed to institutional support, raised by $16.8 million to $28.6 million, and science education support, bumped up by; $22 million to $99.3 million. One reason for cutting RANN down to size was the subcommittee's feeling that for what was still an experimental programme RANN was growing too fast for its own good. No one has forgotten the fiasco the NSF got into with the last major test of its managerial skills, the Mohole project. The subcommittee was also impressed by the volume of mail received by Congressmen asking for the education grants to be restored.

Reservations about the size of the RANN programme were also implicit in the remarks made before the committee by Philip Handler, president of the National Academy of Sciences and a member of the National Science Board, the governing body of the National Science Foundation. "For my part," Handler told the subcommittee last month, "I view RANN and its predecessor (the programme was known last year as IRPOS) as a large experiment . . . IRPOS has had no great successes of which it can boast—I hope the reason is only that it is young. Today, one cannot make any great claims that it has really solved a major problem which is pressing on our society."

Handler was also the only witness before the subcommittee to criticize the Administration's throttling of the NSF education programmes, particularly the fellowship and traineeship programmes. "I consider taking money from these two sets of programmes as a trend in the wrong direction. Both are on the road to extinction if this set of recommendations in this year's budget are indeed implemented, and I hope this would not be the case," Handler told the subcommittee. The form of the programmes was laid down two years ago by the National Science Board, of which Handler was then chairman. Evident from Handler's testimony, though not made explicit, was his disinclination to countenance the board's volte-face on this issue.

Of the four congressional committees that have to approve the NSF's budget (an authorization and appropriations committee in both House and Senate), the House Appropriations committee is the one that wields the greatest influence. Authorization committees are often regarded as special pleaders for the agencies with which they deal, and in the case of the National Science Foundation the House Appropriations committee has regularly slashed the annual budgets authorized by the Science, Research and Development subcommittee.

The usual sequence has been for the latter committee to authorize much more for the foundation than the President has requested in his budget and the Appropriations committee to appropriate much less. With new chairmen heading the relevant subcommittees, this year's scenario promises to be less dramatic. Davis's subcommittee apparently toyed with the idea of voting the foundation some $44 million above the Administration request but decided this would be a face-losing gesture in view of the certain refusal of the appropriations committee to match such an increase.

The relevant subcommittee of the House Appropriations committee, the HUD-Space-Science subcommittee, has in Edward P. Boland a chairman who, if not yet a proved friend of science, is at least prepared to make amicable remarks about the foundation in public (see *Nature*, 230, 9; 1971). The indications are that Boland's subcommittee will vote the foundation much the same size of budget as the Administration is requesting.

[From Nature, May 7, 1971]

NSF: PATRON OR TYRANT?

Public warning that the NSF's new-found fondness for applied research may lead it to browbeat the academic community into going along with these policies was delivered last week by Frederick Seitz, president of Rockefeller University and former president of the National Academy of Sciences. Speaking to a meeting of the American Chemical Society in San Juan, Puerto Rico, Seitz confessed to having "several grave misgivings with respect to the current enthusiasm for mission-oriented research which is emerging in Washington." Two instances cited by Seitz were the National Science Foundation's growing support of applied research and the present campaign for a crash programme on cancer.

The change in the charter of the NSF allowing it to support applied research, Seitz said, "may well bring about a widespread change in the relationships between the scientific officers in the agencies and the scientific community. The former may well begin to feel a far greater sense of command and be much more inclined to insist that the scientific community do its bidding." Seitz also doubted whether the NSF, whose dealings up to now have been primarily with the academic community, can hope to develop really effective working relationships with industry.

Commenting on the demands for an attack on cancer equal in intensity to the effort to construct the first atomic bomb, Seitz told the Chemical Society he doubted if basic knowledge about cancer justified the expenditure of large sums devoted primarily to applied objectives; it might be more profitable to focus "a substantial part of the support on cell biologists and molecular biologists who remain thoroughly mindful of the cancer problem in their fundamental research."

[From Science, April 16, 1971]

HANDLER DISSENTS ON NSF BUDGET

While the Administration's proposed 1972 budget for the National Science Foundation (NSF) has encountered general it not ardent approval in the scientific community, Philip Handler, president of the National Academy of Sciences (NAS) and former chairman of the National Science Board (NSB), has voiced objections to shifts in the budget that will emphasize applied research while subtracting funds for graduate science traineeships and fellowships.

In testimony before the House subcommittee on science, research, and development, Handler warned that the current budget request "starts down the trail of complete elimination of NSF training and fellowship programs." Two programs have been eliminated outright: first-year graduate traineeships, and the Secondary Science Training Program for high school students.

While the budget has grown considerably, Handler noted, most of the increment will go for picking up programs that have been dropped by other agencies. The rest, he said, is being funneled into the new applied research program, Research Applied to National Needs (RANN), whose budget is being doubled to $81 million. The year-old program (formerly known as Interdisciplinary Research Relevant to Problems of Our Society, or IRPOS) was inaugurated amid misgivings on the part of the NSB, said Handler. He said he still regards RANN as "experimental," noted that it has not yet produced any significant contributions to the solution of national problems, and reiterated his fears that too much emphasis on applied research might turn NSF into a "job shop."

Handler emphasized that he was speaking only as NAS president and not for the NSB, of which he is still a member. Apparently, he is a minority voice on the board. Its current chairman, Herbert Carter, said the proposed budget was endorsed by the board and that he regards the RANN program as extremely important for helping universities set up new interdisciplinary curriculum units.

While the proposed NSF budget of $622 million means an increase of $116 million over last year, the new money does not represent a substantial increase for any NSF programs except RANN. Most of the money—$74 million—will be used to pay for programs transferred from other agencies, chiefly the Department of Defense (DOD), and for picking up projects which mission-oriented agencies like DOD and the Atomic Energy Commission have had to drop for budgetary reasons.

Handler's budget complaints reflect the conflict that has bubbled up from time to time between him and the Administration over concepts of science funding (*Science*, 25 December 1970). Handler believes that cutbacks in graduate student support reflect a lack of faith in the future of the economy, and he is fearful that too much applied research will erode the country's basic research capability. The Administration, on the other hand, would prefer to hold the line on student support until the employment picture brightens, and is eager to encourage the conversion of technology to more socially useful ends.—C.H.

[From Physics Today, May 1971]

NO PART-TIME AGENCY FOR BASIC RESEARCH!

(By Harold L. Davis)

Now that we have had some time to collect our wits following the onslaught of press releases, public statements and Government reports that traditionally accompany the presentation of the Administration's new budget, we can begin to get a picture of what the budget situation for fiscal 1972 boils down to. Unfortunately the picture is as grim as we had feared. Although the Administration points out that the budget provides an overall

increase of 15% for funding for research at colleges and universities, the amount for the physical sciences is less compared to last year. In particular for basic research in physics the Government is proposing a cut of possibly 4% in absolute funds. When inflation is thrown in, the decrease in real money might come close to 10%.

On top of this setback, support from NSF has been eliminated for postdoctoral fellowships and sharply reduced for graduate traineeships. In effect physics departments will no longer be granted funds to continue operating the "holding patterns" that have been sustaining new graduates unable to find jobs.

The increases for research the Government refers to are, of course, all channeled into environmental and social-science programs. There can no longer be any question that many physicists, if they are to be able to continue in professional careers, will have to find ways of marketing their talents in these suddenly more popular areas.

We can not dispute the Administration's right to order the budget priorities as it sees fit, but we can raise serious questions about whether it was really necessary to cut basic research in the physical sciences to provide the desired emphasis on programs directed to the immediate needs of society.

The strategy has been to insist that the mission-oriented agencies drop basic research for more applied work and that NSF pick up these abandoned projects. But the 1972 budget fails to provide NSF with enough funds to do this job. In physics NSF received an additional $12 million, but this is at least $5 million short of what is needed to pick up the physics contracts abandoned by the other agencies. In this same budget, however, NSF's RANN program (Research Applied to National Needs) has been increased from $34 million to $81 million. The projects within this program are applied research efforts aimed at providing information that may be relevant to environmental and societal problems.

Even though Congress has encouraged NSF to engage in applied research, it has never indicated that this kind of activity should become a major function of NSF. If NSF's primary purpose is to ensure the health of the nation's basic research, why should these applied projects at NSF be given a whopping big raise in a year when some areas of basic research are being substantially cut? It would appear that the $41 million increase to RANN would more than take care of the cuts the physical sciences are being asked to take. Finally, in agreeing to take on these mission-oriented tasks, is NSF setting itself up for the same difficulties that NIH experienced when Congress became impatient because the sensational break-throughs it was expecting in cancer, heart disease and so on were not materializing? The result could well be further cuts imposed on NSF's funds for basic research.

NSF is fast becoming the *only* agency supporting basic research. If the pure sciences are to survive we need to have NSF as a full-time agency, not a part-time agency.

Mr. PELLY. Mr. Chairman, will the gentleman from Georgia yield?

Mr. DAVIS of Georgia. I am happy to yield to the gentleman from Washington.

Mr. PELLY. I want to associate myself with the remarks the gentleman from Georgia has made with regard to the need for the training of scientists and engineers. I say this as one who has them literally running out of his ears, so far as my district is concerned. There are tremendous numbers in each of these categories who are unemployed at the present time.

I was tempted at first to try to reduce the funds, in order perhaps to provide opportunities for those who are unemployed to be freer from competition from younger men coming out of colleges. On second thought, it came to me that the answer to our problems of today will be found in research. We are going to need these scientists and engineers if we are to overcome the problem of unemployment on the one hand and the other matters that bother our country today. Inflation is only one of the problems.

In general we must upgrade our science and technology in this country to compete with foreign countries. We are going to need all the brainpower we have, much of which is unemployed at the moment. We will need additional scientific manpower.

So I join the gentleman in his strong statement in this regard as one who offhand, as I said, was inclined to feel at first we did not need this additional money for the training of technically upgraded scientists and engineers by our universities.

I thank the gentleman for yielding.

Mr. DAVIS of Georgia. I should like to thank the gentleman from Washington for his enlightened remarks. I hasten to say I believe he stated the matter better than I did, particularly in view of the unfortunate situation in which many of his constituents find themselves at this particular point in time.

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

Mr. DAVIS of Georgia. I am glad to yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. In further answer to the gentleman from California (Mr. SCHMITZ), as to the question of mathematics and the use of computers, I call his attention to our work in the global atmospheric research program. This program is going to investigate the use of computers in simulating the possible consequences of large-scale weather prediction or even weather modification. It will have to be largely a computer mathematical relations effort.

The question has to be resolved in the next couple of years. Can we predict the state of the atmosphere for many days in advance with some reasonable certainty? We are having a world conference to find out how to work on this type of global atmospheric research program.

We are putting $2.5 million in this bill, as a line item, for that particular type of program. This work will be for predicting weather in the future, perhaps as far as 30 days in advance, by mathematical means.

I thank the gentleman for yielding.

Mr. BELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Chairman, I support H.R. 7960, a bill to authorize appropriations for the National Science Foundation in fiscal year 1972. This is my first year as a member of the Committee on Science and Astronautics and I have been pleased to participate in deliberations of both the Subcommittee on Science, Research, and Development and of the full committee with regard to this legislation.

Normally, we see very little in our news media about NSF. Yet its programs are vital to us. Basic research and science education are critical to the advancement of any modern nation; For the United States, a Nation which for years has bolstered the free world, they are pragmatic, everyday necessities.

The total budget which we are considering today is $622 million. This is not a large amount measured in terms of aircraft carriers which it might buy or the added dollars per month in social security payments. But it is large in terms of its importance to society.

This Nation spends about $6 billion for research activities, and more than $15 billion for total support of research and development. Most of these funds are expended by the mission oriented agencies, those which have specific objectives to accomplish and hence embark on research and development programs to accomplish their goals.

The NSF is unique in its objectives as compared to those of the mission oriented agencies. The Foundation's support of basic research, based on criteria of excellence, has served as a standard for scientific activities throughout the world. It is this ideal of excellence which has been translated from the strictly scientific sphere into the rewarding technological programs of many other Federal agencies.

In other words, leadership in science has been responsible for much of our leadership in technology. Indeed, within the industrial sector of our economy we find that investments in the development of new technologies generate many demands for new capital; and if it were not for the new products and processes which result from technological innovation, our economy would atrophy.

A number of NSF programs which are little known are nonetheless increasingly important to our Nation. For example, the intergovernmental science program is designed to improve the ability of local governmental units to utilize science and technology for their own needs. This program, authorized at a level of $1 million for fiscal year 1972, will permit such jurisdictions to cope more effectively with environmental and social problems, and to incorporate technological innovations in more of their day-to-day activities. It will help State and local governments overcome their specialized problems through advanced planning and experimental programs carried on initially on a pilot basis. Demonstrated successes can be expected in the near future.

An important segment of these programs will be associated with technology-transfer studies and demonstration projects designed to improve the methods of making available proven technological tools to local governmental units. This will not only avoid the expense of "reinventing the wheel," but will increase the yield from investments which we have already made in high technology programs throughout the Federal Government.

The National Science Foundation can

be expected to continue making significant contributions to our Nation. I believe the legislation which we are considering this afternoon will assure progress in this regard since it provides for a balanced program of scientific research and science education. I hope my colleagues on both sides of the aisle will support it.

Mr. BELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. FREY).

Mr. FREY. Mr. Chairman, I give my strong support to the pending bill, H.R. 7960. It will authorize funds for programs of scientific research and science education which are vital to our Nation.

In approving a budget for fiscal year 1972 which is substantially greater than that received by the National Science Foundation last year, the committee recognized the importance of NSF support for basic research in the United States. Although the funds for NSF were increased, we realize that there is an increased necessity for the Foundation to assure efficient utilization of these funds. As has already been pointed out to the Members of this body, the Committee on Science and Astronautics made certain changes in the NSF request for fiscal year 1972 although the overall total remained the same as proposed by the administration. One of these changes was to increase by $3½ million the funds authorized for specialized research facilities and equipment.

The purpose of this particular program is to help institutions obtain those facilities and scientific equipment which progress in very advanced research requires. These items range from such things as nuclear accelerators to electron microscopes and cryogenic equipment. In general, these are available for common use by a number of scientists, and permit these research scientists to be more productive and to engage in scientific investigations which they could not otherwise do.

For example, we find that in a research field like earth sciences there is increasing need for laboratory studies to complement the traditional field investigations. These studies require such items as mass spectrographs, electron microprobes, and seismic recording equipment.

Although the committee added $3½ million for fiscal year 1972 in this budget category, the increase over last year is very modest. There still remains a large gap between the needs of scientists for these tools and the availability of the tools. Compounding the problem of providing the necessary facilities and equipment is the increasing price of instrumentation, due both to inflation and the cost of sophistication and complexity.

Because of the high cost of many research facilities and their associated equipment, it is especially important that effective management be utilized in their operation. The items obtained with these expensive capital outlays must be utilized to the maximum extent, thereby reducing the cost of accomplishing specific research objectives. I hope that the Foundation will continue to encourage utilization of specific equipment by various departments in a single institution, as well as common use by similar research groups in different institutions whenever this is feasible.

Another way of increasing the effectiveness of scientific equipment is to utilize those items which have been bought for specific purposes and are no longer needed for those particular projects. We are all aware that this excess property is generated by various agencies such as the Department of Defense and NASA. It is bought for particular projects in their programs and after those projects have been finished it should be used for other purposes whenever possible. I hope that the National Science Foundation will develop, during the coming year, improved procedures for identifying, and assigning this surplus equipment. In particular, I hope that increased utilization of surplus equipment for educational purposes, in contrast to research activities, will be greatly increased.

This concern for efficient management of our scientific resources is applicable to other Foundation activities. The Materials Research Interdisciplinary Laboratories, formerly supported by the Advanced Research Projects Agency of the Department of Defense, is being transferred to the NSF in fiscal year 1972. The total support level for the core research programs in these laboratories is more than $12 million a year. In the past the Advanced Research Projects Agency used a block funding procedure to support the laboratories, and this management mechanism seems to have been quite successful. I would hope that the NSF will continue this program funding procedure whenever feasible.

The Materials Laboratories are not the largest research centers supported by the NSF, however. A number of national centers, such as the National Center for Atmospheric Research and the National Radio Astronomy Observatory, are managed for NSF by consortia of universities. These research centers make their facilities available to members of the scientific community for them to perform experiments, and therefore prevent unnecessary and costly duplication of capital facilities. There are two large facilities, however, the Arecibo Observatory and the Haystack Observatory, which are managed by individual universities. These facilities are widely used by visiting scientists, and are similar in many ways to the national centers to which I have referred. NSF should carefully study the management arrangements for the Arecibo and Haystack Observatories, and attempt to optimize their management structures. In particular, consideration should be given to transferring management responsibility for these activities to appropriate consortia of universities.

Mr. Chairman, the National Science Foundation plays a key role in the support of basic research in this country. We must continue to adequately support its programs, at the same time insisting on efficient accounting by the agency for public funds expended. I feel they have done a good job in the past, and hope they will do an even better job in the future.

Mr. BELL. Mr. Chairman, I yield 5 minutes to the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER of Massachusetts. Mr. Chairman, I rise in support of the bill, H.R. 7960, as one of the most important and necessary services this body can perform for the Nation. I am particularly interested in the funding of basic biochemical research contained in this legislation.

The health and well-being of all Americans, living and unborn, is and should be very near the top of our national agenda—in war or peace. I am, therefore, extremely gratified that the committee has approved a funding level increased by some 20 percent over the current fiscal year for the vital activities of the National Science Foundation.

It is especially heartening to see that the scientific research project support item has been expanded more than 30 percent within the overall authorization. Basic research, to my mind, is the wellspring of all the remarkable breakthroughs we have achieved and are trying to achieve in the field of health.

This Nation, for example, is being called upon to dedicate a great deal of effort to combating and curing cancer. The basic physiological problem underlying the disease is one of cell division. And there is beginning to come to light some evidence that the body creates abnormal cells all the time, but that its immunity mechanisms dispose of them. Cancer develops, apparently, when this mechanism breaks down and the abnormal cells proliferate.

A basic understanding of the immunity mechanism and why it sometimes breaks down could very well be the key to the mystery that hides the origins of this horrible affliction from the minds of men. And that, Mr. Chairman, involves pure, basic biomedical research.

The same is true in lifting the veil from our eyes on the transplantation of hearts, livers, lungs, and kidneys, and on understanding genetic defects.

I commend the committee and its very fine chairman, the distinguished gentleman from California (Mr. MILLER) and its ranking minority member, the distinguished gentleman from Pennsylvania (Mr. FULTON) as well as Mr. CABELL and Mr. BELL for their keen grasp of the situation, their appreciation of its urgency and their fine effort in reporting this bill.

At the same time, Mr. Chairman, permit me to respectfully urge the committee to consider the possibility of a multiyear authorization for the National Science Foundation.

Annual authorizations and the uncertainty indigenous to them do a certain amount of violence to the research laboratories that operate under NSF grants. They militate against deliberate, long range approaches to problems, because of the pressures attendant on periodic reapplication. So laboratories at barely maintenance levels or which ebb and flow with funding are virtually useless.

We should be certain that this country has a permanent, stable basic research establishment, so that we are

not forced to proceed piecemeal on many problems that should command full-time, long range attention. We would thereby defeat the very purpose of our effort, and, I believe, deprive this Nation of the solutions which could come that much more easily and that much more quickly.

In general, however, I feel the committee has produced a very fine piece of legislation in H.R. 7960.

I recommend these thoughts and this bill to the committee and to the House, Mr. Chairman, and urge their every consideration and decisive action.

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

Mrs. HECKLER of Massachusetts. I am happy to yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Chairman, I would like to compliment the gentlewoman from Massachusetts on her very excellent statement. It is a most thoughtful statement. I believe the fields she is speaking of are very worthy of intensive and continued exploration. For example, the isolation of the gene and the ability to look into heredity factors are two major fields for advances in science in the near future.

I would like to comment on the recommendation of the gentlewoman from Massachusetts with reference to NSF having a multiauthorization.

We on this committee have changed the National Science Foundation in very many respects. This is just the third year of authorization for the National Science Foundation. We are dealing in policy changes.

One place where we have made a change is in taking out the research applied to national needs. We have put it over into university research and scholarships. We feel that this should be emphasized, just as the gentleman from Georgia (Mr. DAVIS) said.

Another point is the fact that for the first time we have moved into line item authorization. We are pinning the budget down, rather than having a general authorization. We have felt during this transition period that we should still remain in the 1-year authorization. NSF can then come back to us and justify their request not merely on an illustrative basis but on a specific basis, so we can monitor and see what has happened.

Under those circumstances, I have favored the 1-year authorization for the coming year of 1972. Although we have not foreclosed the possibility of reviewing the matter again, this is our intent for the present.

One of the criticisms of the National Science Foundation has been the fact that we have not had the authorizing capacity on our committee. We have not been able to get this matter of jurisdiction completely worked out.

I want to say to the distinguished gentlewoman that she has an excellent idea in my judgment. We will look at it again this year and later next year.

Mrs. HECKLER of Massachusetts. I appreciate the comments of the gentleman from Pennylvania.

Mr. CABELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. MCCORMACK).

Mr. McCORMACK. Mr. Chairman, I support the bill before us this afternoon, H.R. 7960. I believe this legislation is necessary to assure the continued advance of scientific research and science education in this country.

I have strong personal feelings concerning the need for supporting scientific research and development. I have spent many years of my own life in the environment of a large research and development activity. I have found that environment to be a challenging one personally and professionally. It is the kind of environment which is central to the successful functioning of any advanced technological society. And, regardless of any personal feelings of the Members of this body concerning the desirability of further "greening of America," I think it is clear that our own society is not only technologically oriented at the present time but must unavoidably become more so in the future.

In order to have a successful national research and development effort, we must also have an effective science education activity. Science education and scientific research underlie any strong modern economy. Our own Nation must continue to forge ahead in science and technology if it is to compete successfully in international commerce. Well documented studies show, for example, that it is only through "high technology" exports that we have any hope of bringing the balance-of-payments problem under control. These high technology exports in turn depend on the base of scientific research and development.

Science has been properly described as the precursor to technology. A prudent national policy, therefore, requires a carefully balanced approach to the support of scientific research and science education. The bill before us this afternoon presents such a balanced approach, one which will assure us that a decade from now we will have the necessary high quality students "in the pipeline." It is this concern for the long term position of this Nation in science and technology which is reflected in the substantial increases for science education and institutional support in H.R. 7960.

I would be less than candid if I did not say that I personally believe even more of our national resources should be devoted to this kind of activity. A strong case could be made for increasing H.R. 7960 above the $622 million total, and I am confident that others in this body share this feeling. However, within the fiscal constraints which all of us recognize exist at the present time, I believe this legislation takes a proper approach, and is worthy of the support of each and every one of my colleagues.

I would like to make a few comments concerning specific aspects of the bill. As has been noted earlier, it contains a line item budget rather than a lump sum authorization. I believe this is a step forward for the National Science Foundation, because it permits closer analysis of its programs by the Congress. If these programs are important to the national welfare and are managed effectively, and every indication is that they are, I believe this closer scrutiny will result in increased congressional support.

The large new program undertaken by the NSF entitled "Research Applied to National Needs," is one which was closely studied by the committee during its deliberations this year. We all agreed that it is necessary for the Federal Government to support this kind of program. I personally would like to have seen it funded at a higher level in fiscal year 1972. I believe the problems which it has been designed to attack are of the highest priority, and further delay can only increase the complexities of their solutions.

But I also recognize that there are valid questions regarding the procedures for implementing these problem-oriented research activties. Not only have questions arisen in the minds of members of the committee who have had long experience in science policy matters, but doubts have also been raised by leaders within the scientific community. I think it is significant that both the present and immediate past president of the National Academy of Sciences have questioned the appropriateness of using the NSF framework for branching out into large-scale applied research activities.

Because these doubts have been raised in the minds of the members of the committee, I think it is appropriate that an effort be made during the coming year to answer these policy questions. It we can, in fact, determine where within the Federal Establishment various kinds of problem-oriented research should be supported, we will have performed a significant service. I look forward to participating in this study, and hope that it will give guidance to this committee and the other committees of the Congress in developing the fiscal year 1973 budgets. The problems which face our Nation need to be addressed by well-organized, properly funded research efforts. I hope that next year, whether through the NSF or through other agencies, the resources will be made available to match the magnitude of the problems.

Mr. Chairman, science and technology form the basis for our military strength, our commercial success and are our only hope for restoring the quality of our environment to that level which we desire. To hang back from supporting scientific research and science education would be an extremely shortsighted policy. H.R. 7960 deserves the support of every Member of this Chamber, and I hope their support will be forthcoming this afternoon.

Mr. CABELL. Mr. Chairman, I yield at this time to the distinguished chairman of the full committee, the gentleman from California (Mr. MILLER), the remaining time to close the debate on this side.

Mr. MILLER of California. Mr. Chairman, before I say anything further, I want to compliment the subcommittee that has brought out this bill and this report. The subcommittee is chaired by the gentleman from Georgia (Mr. DAVIS), but because of illness, he could not complete the hearings, and Mr. CABELL stepped in to carry on the work.

I want to compliment the gentleman

from Pennsylvania (Mr. FULTON) also Mr. MOSHER, Mr. BELL, and the other minority members of the committee.

Mr. Chairman, this was a unanimous report. I want to assure you that it was gone over very thoroughly in the committee.

Mr. Chairman, it is very easy to reach out and ask questions about some of these programs. But if you study some of the results that have been of great value to this country, you find that the reasons these were brought about are the result of research which people who do not understand science will stand in the well and criticize.

Mr. Chairman, I was not going to tell this story, but now I think I will.

Some years ago a number of scientists with nothing else to do, according to the critics and the people who had ridiculed science, spent their time in isolating the scent with which the female screwworm fly attracted the male screwworm fly.

Now, it is very hard to reduce this to dollars and cents, but I think if you will ask the Department of Agriculture, they will even furnish you with a little pamphlet on the consequences.

As a result of this study scientists could synthesize the scent and attract the male fly, which was then submitted to radiation, sterilized and released.

The population of the dangerous screwworms in this country thus went down. Until today, Florida, where they never could produce cattle because of the screwworm, is one of the biggest producers of cattle in the United States.

Alabama, Georgia, parts of Mississippi—the South where the weather is very wholesome for the screwworms—are practically rid of them, and we find ourselves now with new sources of beef and a new source of wealth.

And yet how well would we get along if we came today to ask for money to perform that experiment. Luckily there were minds that were inquisitive enough to go out and find the truth, and having found and put into the bank of knowledge some new facts, they were there to be called upon when we needed them.

I am happy to support the annual authorization for the National Science Foundation. The bill before us I believe is a reasonable one, as you have already heard. I recommend the authorization for the National Science Foundation of $622 million for 1972. That is the amount the administration requests.

I am very happy to see the gentlewoman from Massachusetts (Mrs. HECKLER), interest herself in this field, as we need people who are interested in science coming in and helping us out. I can assure you that I think the members of this committee are quite conversant with what can be done and and what will be done.

We are on the threshold of a breakthrough in the weather situation, as the gentleman from Pennsylvania (Mr. FULTON), has pointed out. I wish that all of you could visit the National Center for Research in Boulder, Colo., so as to see the very sophisticated and fine work that is being done there.

Six hundred years ago it took a man with courage in the person of Prince Henry, the navigator of Portugal, to go out and find new ways to cross the ocean, new ways to navigate, new ways to build ships which made the discovery of this country possible and which changed the whole maritime system of the world. As he explored and innovated, so are we doing in supporting the National Science Foundation.

I am sure that even in a State that I am very close to, Iowa, my mother was born there and my wife comes from Iowa, there is a lot of room for investigation to improve conditions in this very nice State. I am glad to see my friend, the gentleman from Iowa (Mr. GROSS) smile at me.

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

Mr. MILLER of California. I would be very happy to yield to the gentleman from Iowa.

Mr. GROSS. Some animals have discovered the screwworms out there. Will this take care of that?

Mr. MILLER of California. The trouble is that I spoke of the screwworm fly, and the results of the eliminating of the screwworm in the Southeastern part of the United States. I said nothing about the screwworms in Iowa. I am sorry the gentleman did not differentiate between the two.

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

Mr. MILLER of California. I yield to the gentleman from Pennsylvania.

Mr. FULTON of Pennsylvania. Mr. Chairman, I would like to compliment the chairman of the Committee on Science and Astronautics. Now that Iowa has been brought up, I would like to mention that one of the chief developments of space has been with respect to both forestry and agricultural products such as corn. In this area we have been called upon to look for the corn blight, and we can find it by means of infrared pictures taken from space.

I might also say to the gentleman from Iowa relevant to the recent corn blight which spread northward—that it has been closely followed and observed from space, and correlated, and retardation applied at the point where you needed it the most.

So I am sure the gentleman from Iowa would join in thanking the National Aeronautics and Space Administration for the fine work which it and other organizations are doing. Such research now turns out to be very practical research for Iowa.

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

Mr. BELL. Mr. Chairman, I yield the gentleman from California 1 more minute.

The CHAIRMAN. The gentleman from California is recognized.

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

Mr. MILLER of California. I am happy to yield to the gentleman.

Mr. GROSS. Mr. Chairman, in the first place the gentleman seems to question my seriousness. I want the gentleman from Pennsylvania to know I was deadly serious in the remarks I made.

But to get back to the corn blight—I thought we passed a bill last week involving a good many millions of dollars that is going to take care of the corn blight?

Mr. MILLER of California. Somebody has to know the techniques of taking care of the corn blight and how to find those techniques. You have to know the techniques before you can apply it. Since we are talking of science in Iowa, it was through research made in the field and not by people in white coats that brought about the type of corn you now grow in Iowa. And it is give you about a 3-to-1 production.

Mr. Chairman, the bill before us, I believe, is a responsible one and, as you have already heard, it recommends the authorization for NSF in 1972 of $622 million. This is the amount the administration requested.

The Subcommittee on Science, Research, and Development did a thorough job of reviewing the bill. It made competent and needed changes in some of the internal programs, and we have imposed some new and reasonable controls on this growing budget.

I believe the hearings and the report are adequate evidence of the careful job which was done in the committee.

I consider the Science Foundation's overall budget to be one of the most crucial which our Federal Government sponsors.

NSF is the only agency in the National Government which has responsibility for the health of basic research and science education.

Without healthy endeavors in these fields, I submit, our country will be in serious trouble.

Sometimes people say that NSF does not have a mission.

This may be true in comparison with the easily defined missions of most Government departments, but fundamentally the NSF does have a mission—and that mission is to make sure that our scientific tool chest is filled with the substance needed to produce better technology.

Without the latter, we shall never solve the serious problems, social, physical, and economic, which face the Nation.

We intend to see to it that the science foundation continues to perform this function.

Mr. Chairman, while it may not be necessary to remake the point, I still want to emphasize that without the kind of basic research and education which the foundation supports, we should never have had the great advances which have done so much for the people of the United States.

We should never have had the food, nor the housing, nor the health care, nor the security.

Without this kind of effort we should not have seen the development of nuclear energy, of radar, of the jet engine, of the laser, of the transistor, of the superconductor—or any other of the hundreds of technological applications which have played such an important role in the development of our Western civilization.

And make no mistake about it, the fundamental information on which all

of these developments were based was not uncovered with a particular goal or a particular product in mind.

That information came simply because some sharp scientific minds were curious and were motivated toward finding the basic truths of nature.

We must have this sort of exploration or the source of all our needed technologies will dry up in short order.

Mr. Chairman, it has already been noted that our Committee made certain changes in the Foundation's programing.

I believe a word of caution to the Foundation is in order because of the rapid shift of the Foundation into the applied area—which was to be accomplished this year by drastically cutting back good programs in support of science education.

Those cutbacks, I might say, produced strong quakes throughout the academic community and, as all Members know, the reverberations were clearly felt here on Capitol Hill.

While we on this Committee have endorsed the general concept of the Foundation's new program called "Research Applied to National Needs," I think it appropriate to emphasize that there is plenty of basic research to be done in conjunction with national needs.

It would be wasteful and unproductive for the Science Foundation to become a catch-all for the proposals of those scientists and engineers who are looking for funding for their applied research.

This is not to disparage such proposals; it is to suggest that there are many sources already in existence for this type of thing.

In fact, we now have at least 10 Federal departments and a dozen independent agencies which are putting some $15 billion into applied research and development.

I do not mean, obviously, to imply that NSF should give no support to applied research.

This committee in 1968 sponsored the NSF Amendments Act which gave the Foundation authority to support applied research in special circumstances.

But I emphasize "special" circumstances.

The Foundation's propensity to move toward applied research, which is shown by the fact that in less than 2 years the applied portion of their budget has reached 15 percent, appeared overly ambitious.

Hence the changes which you have heard described.

Mr. Chairman, we intend to keep a close survey of the Foundation's operations between now and the submission of the 1973 budget. The Foundation is growing, properly so, and its development warrants careful legislative oversight.

Mr. BELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, I rise in support of H.R. 7960 authorizing appropriations to the National Science Foundation for fiscal 1972 and strongly recommend the action of the committee in increasing allocations for specialized research facilities and equipment, institutional support for science, and science education support.

I wish to commend the committee and the Subcommittee on Science and Research and Development for taking affirmative action in these important areas and urge my colleagues' support for the continued improvement of science education at the college level.

In testifying before the Subcommittee on Science, Research, and Development of the Committee on Science and Astronautics, I attempted to raise the issue of the small, private college and the importance of NSF funds to their science programs. I believe it important to again express my strong views on this subject before this body.

I myself have seen the problems faced by the small, midwest private college on a first-hand basis. I am a graduate of Grinnell College, and Knox College, Monmouth College and Augustana College are all in my congressional district.

Although it may be necessary to speak in dollars and cents as is always the case in considering authorizations, what really concerns me is the discernible trends which can be found—sometimes disguised—in the numerical budget figures proposed by NSF.

Those of you who have small private colleges in your districts know the financial problems that confront them. Some are on the brink or have gone out of business—many have had to cut their faculty numbers and their curriculum. How has this come about? Well, for one obvious reason, the cost of higher education has gone up just like other costs. Another reason is that the larger State schools have budgets financed by the taxpayers which permit a professional staff with primary responsibility of securing more largesse from the State and Federal coffers. As a former State legislator in Illinois, I can tell you that State colleges and universities, because of powerful lobbying efforts and friends in the State legislatures, are able to mount big campaigns for State help.

I do not mean to imply that this was all bad, although in some cases I am convinced there was a great deal of wasteful expenditures by the State schools. But what I do mean to imply is that these lobbying efforts by the State schools have been to the detriment of private colleges which have had to rely on tuition payments, alumni contributions, and foundation grants for their existence.

I have personally toured the science departments of both Knox and Monmouth Colleges, where I visited with the faculty representing the various science disciplines on their campuses. My visit to Monmouth College was at least 2 years ago and was therefore not influenced by the present budget considerations, but rather was to show me a new science building built with the help of Federal funds. At that time, each professor or assistant professor took great pride in showing me equipment provided by NSF funds as well as relating to me the great success of that school's participation in NFS programs.

I got the idea, which has since been fortified by my visit to the Knox College campus and its science department, that NSF funds have become an integral part of a greatly improved science education program in the small private colleges. I am fearful that much of the progress stemming from such programs is in danger of dying an agonizing death because of a lack of a balanced NSF budget diet.

The fiscal 1972 budget for the National Science Foundation, insofar as it concerns science education support, is only about 64 percent of what the actual expenditures were 2 years ago in fiscal 1970. At this rate, there will be little or nothing left by 1976, the 200th year of our Nation's history. I was pleased that the subcommittee authorized more generous portions than the meager budget request asked.

NSF Director McElroy had given in explanation for this cutback, the need to increase research. I think that this body in weighing the presentation by NSF should ask itself "What then happens to the small, private college which is not a research factory as are many of our research-oriented graduate schools in our large universities?"

To me the great mistake in the NSF budget request is the very large cuts made in the science education program. Nearly every category under that program is greatly reduced under NSF proposals.

Several of the programs have in fact been summarily eliminated or zero funded. In short, the withdrawal of NSF support for science education by the Office of Management and Budget—TOMB—is very appropos of its acronym.

The student science training program—precollege—has given in its 11 years 80,000 high ability high school students a head start in science through grants for summer study. It was so successful, the claim is made, that we no longer need to encourage these select young people to enter the field of science. I wonder where they will go.

The undergraduate research participation program since 1959 has also been highly successful. It offered students an opportunity to work closely with a scientist in summers and part time during the academic year in research. Because some institutions incorporated student participation research into regular curricula, the academic year program has been gradually phased out. But the summer phase was found to be in many cases the only source of external support for research in several small, less research-oriented colleges. This program would have been reduced by 60 percent under the NSF budget.

The post doctoral fellowship program for advanced research was to be eliminated. The advanced science education program was also put to death.

The teacher education efforts are mostly found in the summer institute program under the heading of instructional personnel development. As crucial to the future of science education as this program is, it still apparently needs the strenuous backing of Congress to even survive the budget preparing process.

The NSF budget shows a reduction of $13.5 million from actual fiscal 1970 ex-

penditures for the institute's program—a reduction of over one-third.

The college science improvement program—COSIP—is peculiarly designed to help small colleges upgrade their science instruction. It has been of particular help to Knox, Monmouth, and Augustana Colleges. The innovations and comprehensive plans made possible by these grants have been very worthwhile. Yet in fiscal 1971 this program was cut by one-third and in fiscal 1972 it remains at the lowered level, except for an increase of $5 million which is earmarked for black colleges only.

There is one final program I would like to mention, namely the instructional scientific equipment program which is now "suspended" and which is proposed to be eliminated in the fiscal 1972 budget. This program is already sorely missed and it must be revived by Congress or the quality of instruction will suffer at the lack of necessary equipment.

In closing, I call to the attention of my colleagues the special contributions of our smaller private colleges and of their special needs, which lie mainly in those areas wherein the NSF has proposed eliminations or cutbacks of programs in science education support. I sincerely believe that they deserve a better fate and I would urge that this body approve the bill as reported and substantially increase the NSF budget requests for these programs.

Mr. ESCH. Mr. Chairman, I welcome this opportunity to speak briefly about the National Science Foundation bill we are considering. In my opinion, this bill is a good one. The 1970's, I believe, will be the period where science and scientific research become relevant to the immediate challenges. These challenges are many. Each is equally important whether it be ending malnutrition, rehabilitating our great cities, or preserving our ecology. Additionally, the 1970's will, in my view, bring about the bottoming-out of cuts in the area of Federal funding for the scientific community.

At the same time we cannot sacrifice applied research for the basic research of our country. Above all, we need to create a funding program and delivery system that provides balance between applied research and basic research, between physical and social sciences, between the in-house and in-field investigations and which overcomes one of the major problems facing the scientific community today, that of lack of predictability and continuity of funding.

I think the changes that the committee made in this measure before us today were proper and I believe that they will actually improve the quality of NSF programs for fiscal 1972. I am pleased to say that several of these changes were amendments which I proposed and feel very strongly about. These involved three major areas of NSF programs. When we first started to work on this bill I was particularly disturbed that 11 programs supporting eductaion had been completely deleted. Six of these were under student development, three were instructional and personnel programs and two came under the heading of instructional program development. My amendments within the committee restored five of these deleted programs and increased two others which were badly cut. For example, the committee agreed to restore to the student science training program $2 million. As my colleagues know, this is the program that identifies high school students with exceptional ability in sciences and is of tremendous assistance to them in pursuing a college career in the field in which they are most interested. Already some 80,000 carefully selected students with the highest ability have been aided by this program. In addition, one of the amendments which I offered and which the committee accepted called for the restoration of $4 million to the university undergraduate research participation program. Termination of this program would have severely penalized the less research-oriented 4-year colleges across the country. In addition, I proposed the restoration of $1.5 million to the postdoctoral fellowship program. This will permit advanced training for the most competent new Ph. D.'s but would withhold them from the active labor market for the time being.

An equally vital area of funding is that of pre-college-level institutes for secondary teachers. The committee accepted my amendment here increasing this by $2 million. The addition of this money will only partially reduce the drastic cutback in the number of participants in fiscal 1972.

We were also successful in restoring $1.5 million for the college teacher program. This program brings college teachers during summer periods into an apprenticeship under the guidance of a research scientist. The real beneficiaries are the smaller teaching oriented colleges. These are a few of the highlights of the efforts we made to improve the bill that was originally sent us. Additional funds for science education, in my view, are of the highest priority and are absolutely essential to the advancement of science and industry.

At the outset of my remarks here today I touched briefly on the need for greater support in the field of problem-oriented research. I believe that the same will and determination that marked our successful landing of men on the moon must be given these immediate challenges.

Toward this end Congress must play a role in making certain that scientific research becomes relevant to solving poverty, pollution, and the problems of the cities. During this committee's hearings with both NASA and with the National Science Foundation, I have repeatedly raised the question as to the desirability of having a coordinated agency serve as the vehicle for conducting this country's applied research. We are well aware, I believe, of the potential conflict which may arise between the RANN programs and the applied technology programs of NASA. I suggested that the Congressional role must be to determine what will be the optimum delivery system for accomplishing this country's applied research, while not sacrificing basic research opportunities. The legislative report accompanying H.R. 7960 addresses itself to this issue. I should like to quote from that report:

> As a general principle, the Committee feels that in order to maximize the return on investment in research and development for a particular socially desirable area, as many of the specific decisions as possible should be placed in the hands of the actual user of the research results. This means that, where feasible, problem oriented research should be supported by the appropriate mission agency.
>
> This does not mean, however, that the NSF should not play an important role in supporting problem oriented research. It does mean that the Committee desires to look in more detail at NSF plans in this regard, and in particular to contrast policies for funding problem oriented research through RANN with alternative mechanisms in the mission agencies.
>
> During the coming year the Subcommittee on Science, Research and Development hopes to inquire into these policy issues on a broad basis. It will survey not only the RANN program at NSF and existing mission agency support of problem oriented research, but possible mechanisms through which the NSF and the mission agencies can cooperate in the support of research activities appropriate to both.

In my view the proposed study will be extremely important and can very well have a significant impact on this Nation's science policy.

Mr. Chairman, the bill under consideration this afternoon is vital to the continued progress of science education and scientific research. The programs of the NSF underlie our country's strength in the most fundamental manner. The genius which lies within wisely concentrated research must be honored. This bill does just that. I support it in its entirety and it would be my hope that my colleagues would do likewise.

Mr. ROSTENKOWSKI. I rise in support of the Committee of Science and Astronautics' action in restoring the undergraduate research program to the National Science Foundation authorization. I would, at this time, particularly commend my distinguished colleague, GEORGE MILLER of California, the committee chairman, and JAMES FULTON of Pennsylvania, the ranking minority member, for having the foresight to maintain this investment in the development of the Nation's future scientific manpower. This program provides for $4 million in grants to highly skilled, serious-minded students working under the tutilage of mature scholars. The experience gained by these students considerably accelerates their maturation into productive scholars and well-qualified teachers. The history of this program shows not merely the byproduct of academic exercises but frequently the work of the students has been published in the more demanding scholarly journals. The Nation has a vital interest in maintaining an ever-accelerating growth of scientific knowledge and expertise and the URP is an essential ingredient in that effort. What better way to invest in the future of the Nation's scientific manpower than to introduce young, well-qualified students to the challenge and excitement of research which will strengthen them as professionals and ultimately insure the continuation of the Nation's scientific growth?

Mr. SYMINGTON. Mr. Chairman, science has occasionally been called a simple exercise in human curiosity, a demon-

stration of mankind's desire to know what lies over the next hill.

To a very significant extent this is true. But it is far from being the entire story.

The creative product of scientific research is the discovery of fundamental truth. Science is not unique in that endeavor. But science is unique in that its creations are more than just pleasing or enlightening to man or satisfying to his curiosity; ultimately the discoveries of science are useful.

It may be difficult—even impossible—to see the utility of a new piece of knowledge at the time it is revealed. Penicillin's antibiotic powers remained a laboratory curiosity for years; Newton's laws of motion and Kepler's celestial mechanics could not have anticipated the man-made satellites that depend on them; the laser for more than a decade was a solution in search of a problem; even the wheel would never have been invented if some contemplative Neanderthal or Cro Magnon had not first developed an intuitive understanding of such fundamental phenomena as friction, mass, and momentum.

In each case, understanding had to precede utility. Progress, both past and future, must be seen as a mix of fresh scientific insights and the useful developments that ultimately grow out of them.

This takes time. It is a major purpose of many of the programs of the National Science Foundation today, however, to narrow the gap between understanding and application, and to find ways to link fundamental research with utility.

Even a casual look at some of the research being supported by NSF demonstrates the ultimate value of science, though its utility has rarely been readily apparent at the outset.

For example:

Scientists at the State University of New York at Stony Brook, working with the CBS Laboratories, are taking holography—the use of lasers to produce three-dimensional images—and marrying it to the penetrating properties of ultra high frequency sound. The upshot will be a marked ability to surpass X-rays in studying the functioning organs of the body in three dimensions—an important diagnostic advance.

Physicists working at the MIT National Magnet Laboratory, appear to be developing through magnetism another advanced diagnostic tool. It is being based on the fact that the body's organs put out direct electrical current as well as the alternating current read in the standard electrocardiograms and electroencephalograms. The d.c. output, which indicates a separate class of physiological functions, is not as easily read; electrodes on the skin will not do the job for d.c. as they will for a.c. Since electric currents create magnetic fields, however, scientists can read the d.c. magnetic fields and draw conclusions about the function or malfunction of the heart, the brain and other organs.

These are examples on the health side. Other NSF grantees have synthesized genes as a step toward understanding and correcting genetic errors. They have advanced understanding of enzymes and are learning what makes one cell different in form and function from another, launching an entirely new scientific discipline in the process.

In other problem areas, NSF-supported research has laid the scientific base through which eutrophying Lake Washington has been restored to a level of purity unknown for decades. Research on pheromones—chemical signals between members of a species—is paving the way to a whole new era of pest control through means which do not burden the environment with toxic substances. Astronomers are turning a scientific nuisance to society's benefit: They for years have been keeping track of the atmospheric pollutants that interfere with their study of celestial objects. As a result they have a 50-year record of pollution, as well as techniques they are now applying to precise monitoring and tracking of air pollution trends and movements.

Science Foundation support has enabled scientists to achieve a breakthrough in mimicking the way plants fix nitrogen from the air, making it available for plant growth; the implications for fertilizer production, especially in the underdeveloped world, are great. The deep-sea drilling project is finding evidence of sea-bottom petroleum deposits in new areas and developing techniques for the possible detection of oil beneath the sea, without drilling into oil-bearing formations themselves. It has also developed techniques for changing drill bits and replacing them in holes being drilled beneath great depths of water, a necessary technique if suboceanic oil is to become a resource. And a new area of targeted, fundamental materials research may represent the only hope the United States has for catching up with the Russians and others in the tooling of the superhard materials on which so much modern metallurgy depends.

Mr. Chairman, I do not think there can be any question that American success in international trade has been largely due to our investments in fundamental research—often long before any industrial applications for the research were foreseen. Our electronics, reactor, and chemical technologies, to name a few, each of which has made us a dominant force in world markets, were research based. Another example of a revolutionary modern technology with major commercial implications is the computer. Since 1953, ferrite cores have been the preferred storage element in high-speed digital computers. The research that contributed to their development began late in the last century in crystal chemistry, ceramic materials, and magnetic theory. The first automatic digital computer was not built until 1944. But when it came along, the knowledge necessary to make it already existed. If it had not, the computer revolution could never have taken place.

Over the years, research has proven to be the wellspring for new technologies. It is essential that our research base for new technology be continually expanded to insure our competitive position in world markets and to meet the increasing demands of our domestic economy for electrical power and other services and products. Economic studies show that it is our technology-intensive industries that provide the plus factors in our international balance of trade. These same industries account for the employment of a significant part of our work force.

Conversely, it can be demonstrated that many of the American industries coming under pressure from foreign competitors are those whose historic technological lead is eroding.

In any case, a continued level of effort in the support of research is in our long-range interests as a nation. If we are to be sure that we are ready, whenever the successor to the computer comes along, we must support now the fundamental scientific research on which future industrial and commercial—as well as individual and societal—health depends.

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

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

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the National Science Foundation for the fiscal year ending June 30, 1972, for the following categories:

(1) Scientific Research Project Support, $246,100,000.

(2) Specialized Research Facilities and Equipment, $9,300,000.

(3) National and Special Research Programs, $136,000,000.

(4) National Research Centers, $40,200,000.

(5) Computing Activities, $17,500,000.

(6) Science Information Activities, $9,800,000.

(7) International Cooperative Scientific Activities, $4,000,000.

(8) Intergovernmental Science Programs, $1,000,000.

(9) Institutional Support for Science, $28,800,000.

(10) Science Education Support, $99,300,000.

(11) Planning and Policy Studies, $2,700,000.

(12) Program Development and Management, $24,300,000.

SEC. 2. Notwithstanding any other provision of this Act—

(a) not less than $2,000,000 of the sum stipulated in section 1 for Science Education Support shall be available for the "Student Science Training" program;

(b) not less than $4,000,000 of the sum stipulated in section 1 for Science Education Support shall be available for the "Undergraduate Research Participation" program;

(c) not to exceed $50,400,000 of the sum stipulated in section 1 for National and Special Research Programs shall be available for the "Research Applied to National Needs" program.

SEC. 3. Appropriations made pursuant to authority provided in sections 1 and 5 shall remain available for obligation, for expenditure, or for obligation and expenditure, for such period or periods as may be specified in Acts making such appropriations.

SEC. 4. Appropriations made pursuant to this Act may be used, but not to exceed $2,500, for official consultation, representation, or other extraordinary expenses upon the approval or authority of the Director of the National Science Foundation, and his determination shall be final and conclusive

upon the accounting officers of the Government.

SEC. 5. In addition to such sums as are authorized by section 1 hereof, not to exceed $3,000,000 is authorized to be appropriated for the fiscal year ending June 30, 1972, for expense of the National Science Foundation incurred outside the United States to be paid for in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States.

SEC. 6. No funds for any category listed in section 1 of this Act may be transferred to any other category listed in such section unless—

(A) a period of thirty days has passed after the Director or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate and to the Committee on Science and Astronautics of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate a written report containing a full and complete statement concerning the nature of the transfer and the reason therefor, or

(B) each such committee before the expiration of such period has transmitted to the Director written notice to the effect that such committee has no objection to the proposed action.

SEC. 7. No amount appropriated pursuant to this Act may be used for any program which has not been presented to or requested of the Committee on Science and Astronautics of the House of Representatives and the Committee on Labor and Public Welfare of the Senate, unless—

(A) a period of thirty days has passed after the receipt by the Speaker of the House of Representatives and the President of the Senate and each such committee of notice given by the Director or his designee containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of such proposed action, or

(B) each such committee before the expiration of such period has transmitted to the Director written notice to the effect that such committee has no objection to the proposed action.

SEC. 8. (a) If an institution of higher education determines, after affording notice and opportunity for hearing to an individual attending, or employed by, such institution, that such individual has been convicted by any court of record of any crime which was committed after the date of enactment of this Act and which involved the use of (or assistance to others in the use of) force, disruption, or the seizure of property under control of any institution of higher education to prevent officials or students in such institution from engaging in their duties or pursuing their studies, and that such crime was of a serious nature and contributed to a substantial disruption of the administration of the institution with respect to which such crime was committed, then the institution which such individual attends, or is employed by, shall deny for a period of two years any further payment to, or for the direct benefit of, such individual under any of the programs specified in subsection (c). If an institution denies an individual assistance under the authority of the preceding sentence of this subsection, then any institution which such individual subsequently attends shall deny for the remainder of the two-year period any further payments to, or for the direct benefit of, such individual under any of the programs specified in subsection (c).

(b) If an institution of higher education determines, after affording notice and opportunity for hearing to an individual attending, or employed by, such institution, that such individual has willfully refused to obey a lawful regulation or order of such institution after the date of enactment of this Act, and that such refusal was of a serious nature and contributed to a substantial disruption of the administration of such institution, then such institution shall deny, for a period of two years, any further payment to, or for the direct benefit of, such individual under any of the programs specified in subsection (c).

(c) The programs referred to in subsections (a) and (b) are as follows:

(1) The programs authorized by the National Science Foundation Act of 1950; and

(2) The programs authorized under title IX of the National Defense Education Act of 1958 relating to establishing the Science Information Service.

(d)(1) Nothing in this Act, or any Act amended by this Act, shall be construed to prohibit any institution of higher education from refusing to award, continue, or extend any financial assistance under any such Act to any individual because of any misconduct which in its judgment bears adversely on his fitness for such assistance.

(2) Nothing in this section shall be construed as limiting or prejudicing the rights and prerogatives of any institution of higher education to institute and carry out an independent, disciplinary proceeding pursuant to existing authority, practice, and law.

(3) Nothing in this section shall be construed to limit the freedom of any student to verbal expansion of individual views or opinions.

SEC. 9. This Act may be cited as the "National Science Foundation Authorization Act of 1972".

Mr. CABELL (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 Texas?

There was no objection.

Mr. GROSS. Mr. Chairman, I move to strike out the first word.

Mr. Chairman, the gentleman from California (Mr. SCHMITZ), a little while ago questioned what this bill is all about. In my opinion, it is motherhood, sisterhood and brotherhood all wrapped up in one package, and there is also provision for the Sons and Daughters of I Will Arise.

Mr. Chairman, the gentleman from Iowa rises on this bill to again raise the question of when we will get a bill before the House that takes some cognizance of the terrible state of the finances condition of the Federal Government?

Here is another bill to increase spending. This time for the National Science Foundation. I am utterly amazed that apparently no committee of this Congress can bring in a bill to cut spending in conformance with the deadly serious business of debt and deficit that confronts the people of this country.

This program if the bill is approved will go up from $513 million in the current fiscal year to $622 million, an increase of $109 million in the next fiscal year.

Mr. CABELL. Mr. Chairman, will the gentleman yield at this point?

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

Mr. CABELL. The distinguished gentleman from Iowa is undoubtedly referring to the section in the report containing certain projections which were made by the National Science Foundation as to what their requirements might be in the coming years. Is that correct?

Mr. GROSS. I am referring to what is apparently proposed to be spent on this program over the next 5 or 6 years, including the increase here provided over last year. You want to go up in 5 or 6 years apparently to almost $2 billion.

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

Mr. GROSS. Surely.

Mr. CABELL. I believe that if the gentleman would take all of the requests that have been made and which make up the amount that has been authorized in this bill, he would find that the basic research projects transferred from other agencies—those projects which have been relinquished with the request that the National Science Foundation take them over—I believe the gentleman would find that those projects which they will have assumed would account for most if not all of that increase.

Mr. GROSS. I do not care what color of Mother Hubbard dress that is put over this so-called foundation. I do not care how you describe it. I am talking about the amount of money you are spending in view of—and I will repeat it once more—the desperate financial situation that this Government is in. And somebody had better start taking some cognizance of it.

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

Mr. GROSS. No; not at this moment. I would like to proceed.

This money will be spent on such esoteric and dubious projects as further studies to make sure that previous studies in social orientation have not been howling flops, resulting in "imperfectly tested ideas" that would be extremely harmful if put to use. Read the statement on page 16 of the report. This is the language verbatim:

> Although many studies have been made to gain understanding of human behavior and social phenomena, our knowledge in these areas is still seriously inadequate. Research on methodology and theory must be stressed to prevent harmful premature application of imperfectly tested ideas.

How about that? That sounds to me like a study on a study, or a study of a study.

Money would also be used to find out how man has used his environment "around the world." That is where it is proposed to get into the $2 billion a year spending on this business. More money will be spent to learn how people have adapted to urbanization. I suppose that will involve asking various people, "How do you like living in town?"

The program, of course, is a convenient excuse to provide junketing money for so-called social science experts, and you had better believe they will be off and running to study man's environment around the world. We had better be concerned about what is going on in this country rather than a subsidy for unemployed scientists and engineers, and so on and so forth, I would say to my friend from the State of Washington.

Some of this money would also be spent on "studies" of the so-

called wage-price-unemployment-inflation cycle. There is no need for another study for the answer to inflation. You have inflation written right into this bill.

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

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

Mr. GROSS. The answer is to defeat this bill, and send it back to the committee. Let them cut it and bring it back to the House. Congress has got to drastically cut spending, and this bill offers a perfect opportunity.

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

Mr. GROSS. I referred to the gentleman from Washington. I am glad to yield to him.

Mr. PELLY. I appreciate the gentleman yielding. Last fall I called on the manager of the Marshall Field Store in Seattle, a very large institution with several large branches, and I asked him what he was doing as a business organization in view of the depressed economic condition in my community and the unemployment. The answer was:

I am spending more on advertising.

It seems to me what the gentleman said about the financial plight of the Treasury is correct, but I do not believe we can cut every place. I believe we have to build up certain programs which are going to produce revenues in the Treasury eventually so that we can maintain the economic situation we are in and all the programs we are involved in today.

Mr. GROSS. I do not know that we can cut every place in the same degree, but we have not even cut one place that I know anything about. If the gentleman knows of any place where we have made a decent cut thus far in this session I wish he would tell me about it.

Mr. PELLY. I thought the gentleman was pretty successful in cutting the SST, on which I did not agree. He certainly did a good job on that.

Mr. GROSS. And it is here proposed to turn right around and dish it out for propositions of this kind. That is not going to help the situation at all, and my friend knows it.

There are to be studies of the socio-economic aspects of earthquakes. I thought all aspects of earthquakes had been studied since the beginning of the year 1. And there will be a study to obtain "a better fundamental understanding of fire." I do not know whether this will be of help to arsonists, such as those who helped burn down a part of this and other cities. I do not know for what purpose this study is deemed necessary.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Then I find this on page 17 of the report accompanying the bill. I will yield to the gentleman in just a minute. Let me get this in before my time expires for I believe it is descriptive of this whole proposition, at least most of it:

The major increase for sociology and social psychology reflects the direct problem relevance of these disciplines and their readiness to experience a major advance in the level and scale of research in such areas as community organization, violence, demography, effects of educational experiences, etc.

If anyone can give me a better quotation of gobbledygook I would like to hear it. I wish someone would tell me what that means. I am afraid this is descriptive, as I said before, of this entire proposition.

Mr. Chairman, I now yield to the gentleman from California, if he wishes me to do so.

Mr. MILLER of California. The chain of thought has been broken.

Mr. GROSS. Your chain of thought has been broken?

Mr. MILLER of California. Yes. I yielded to the gentleman in the middle of my speech and I hoped he would yield to me.

Mr. GROSS. I have yielded to you now. I regret that I broke your chain of thought.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HANLEY, 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. 7960) to authorize appropriations for activities of the National Science Foundation, and for other purposes, pursuant to House Resolution 452, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

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 Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 319, nays 8, not voting 106, as follows:

[Roll No. 122]

YEAS—319

Abbitt	Boland	Caffery
Addabbo	Bow	Camp
Anderson, Calif.	Brademas	Carney
Andrews, Ala.	Bray	Carter
Archer	Brinkley	Cederberg
Arends	Brooks	Chamberlain
Ashley	Broomfield	Clancy
Aspin	Brotzman	Clausen, Don H.
Baker	Brown, Mich.	Clawson, Del
Barrett	Brown, Ohio	Cleveland
Begich	Broyhill, N.C.	Collier
Belcher	Broyhill, Va.	Collins, Tex.
Bell	Buchanan	Colmer
Bennett	Burke, Fla.	Conable
Betts	Burke, Mass.	Conte
Bevill	Burlison, Mo.	Corman
Blackburn	Burton	Cotter
Blanton	Byrne, Pa.	Coughlin
Blatnik	Byrnes, Wis.	Crane
Boggs	Byron	Daniel, Va.
Daniels, N.J.	Jones, N.C.	Reid, N.Y.
Danielson	Jones, Tenn.	Reuss
Davis, Ga.	Karth	Rhodes
Davis, S.C.	Kastenmeier	Riegle
Davis, Wis.	Kazen	Roberts
de la Garza	Keating	Robinson, Va.
Dellenback	Keith	Robison, N.Y.
Denholm	Kemp	Rodino
Dennis	King	Roe
Derwinski	Kyl	Rogers
Devine	Kyros	Roncalio
Dickinson	Latta	Rooney, N.Y.
Dingell	Leggett	Rooney, Pa.
Dorn	Lennon	Rosenthal
Dow	Lloyd	Roush
Dowdy	Long, Md.	Roy
Duncan	Lujan	Roybal
du Pont	McClory	Ruppe
Edmondson	McCloskey	Ruth
Edwards, Ala.	McClure	Ryan
Edwards, Calif.	McCollister	Sarbanes
Eilberg	McCormack	Satterfield
Eshleman	McDade	Scherle
Evans, Colo.	McEwen	Schneebeli
Fascell	McFall	Schwengel
Findley	McKay	Scott
Fish	McKinney	Sebelius
Fisher	Macdonald, Mass.	Selberling
Flood	Madden	Shipley
Flowers	Mahon	Shriver
Ford, William D.	Mailliard	Sikes
Forsythe	Mann	Sisk
Fountain	Martin	Skubitz
Fraser	Mathias, Calif.	Slack
Frey	Mathis, Ga.	Smith, Calif.
Fulton, Pa.	Matsunaga	Smith, Iowa
Fuqua	Mayne	Smith, N.Y.
Galifianakis	Meeds	Snyder
Garmatz	Melcher	Springer
Gaydos	Michel	Stafford
Gettys	Mikva	Stanton, J. William
Giaimo	Miller, Calif.	Stanton, James V.
Gibbons	Miller, Ohio	Steed
Goldwater	Mills, Ark.	Steele
Gonzalez	Mills, Md.	Steiger, Ariz.
Goodling	Minish	Steiger, Wis.
Grasso	Mink	Stokes
Gray	Minshall	Stubblefield
Green, Pa.	Mitchell	Sullivan
Griffin	Mizell	Symington
Griffiths	Mollohan	Talcott
Grover	Monagan	Taylor
Gubser	Moorhead	Teague, Calif.
Gude	Morgan	Terry
Hagan	Mosher	Thompson, Ga.
Haley	Moss	Thomson, Wis.
Hamilton	Murphy, N.Y.	Thone
Hammer-schmidt	Myers	Udall
Hanley	Natcher	Ullman
Hanna	Nedzi	Van Deerlin
Hansen, Idaho	Nelsen	Vander Jagt
Hansen, Wash.	Obey	Vanik
Harrington	O'Hara	Veysey
Harsha	O'Konski	Vigorito
Harvey	O'Neill	Wampler
Hastings	Passman	Ware
Hathaway	Patman	Watts
Hawkins	Patten	Whalen
Hechler, W. Va.	Pelly	White
Heckler, Mass.	Pepper	Whitehurst
Henderson	Perkins	Whitten
Hicks, Wash.	Peyser	Williams
Hillis	Pickle	Winn
Hogan	Pike	Wolff
Holifield	Podell	Wright
Horton	Poff	Wydler
Hosmer	Preyer, N.C.	Wylie
Howard	Price, Ill.	Wyman
Hunt	Pucinski	Yates
Hutchinson	Purcell	Yatron
Ichord	Quillen	Young, Fla.
Jacobs	Railsback	Young, Tex.
Jarman	Randall	Zablocki
Johnson, Calif.	Rangel	Zion
Johnson, Pa.	Rarick	Zwach
Jonas	Rees	
	Reid, Ill.	

NAYS—8

Abernethy	Hull	Montgomery
Gross	Landgrebe	Schmitz
Hall	Mazzoli	

NOT VOTING—106

Abourezk	Ashbrook	Burleson, Tex.
Abzug	Aspinall	Carey, N.Y.
Adams	Badillo	Casey, Tex.
Alexander	Baring	Celler
Anderson, Ill.	Bergland	Chappell
Anderson, Tenn.	Biaggi	Chisholm
Andrews, N. Dak.	Biester	Clark
Annunzio	Bingham	Clay
	Bolling	Collins, Ill.
	Brasco	Conyers

Culver	Hicks, Mass.	Quie
Delaney	Hungate	Rostenkowski
Dellums	Jones, Ala.	Rousselot
Dent	Kee	Runnels
Diggs	Kluczynski	St Germain
Donohue	Koch	Sandman
Downing	Kuykendall	Saylor
Drinan	Landrum	Scheuer
Dulski	Lent	Shoup
Dwyer	Link	Spence
Eckhardt	Long, La.	Staggers
Edwards, La.	McCulloch	Stephens
Erlenborn	McDonald, Mich.	Stratton
Esch	McKevitt	Stuckey
Evins, Tenn.	McMillan	Teague, Tex.
Flynt	Metcalfe	Thompson, N.J.
Foley	Morse	Tiernan
Ford, Gerald R.	Murphy, Ill.	Waggonner
Frelinghuysen	Nichols	Waldie
Frenzel	Nix	Whalley
Fulton, Tenn.	Pettis	Widnall
Gallagher	Pirnie	Wiggins
Green, Oreg.	Poage	Wilson, Bob
Halpern	Powell	Wilson, Charles H.
Hays	Price, Tex.	Wyatt
Hébert	Pryor, Ark.	
Helstoski		

So the bill was passed.

The Clerk announced the following pairs:

Mr. Waggonner with Mr. Casey of Texas.
Mr. Thompson of New Jersey with Mr. Widnall.
Mr. Annunzio with Mr. Esch.
Mr. Hays with Mr. Frelinghuysen.
Mr. Dent with Mr. Landrum.
Mr. Rostenkowski with Mr. Erlenborn.
Mr. Nichols with Mr. Price of Texas.
Mr. Celler with Mr. Sandman.
Mr. Donohue with Mr. McDonald of Michigan.
Mr. Burleson of Texas with Mr. Whalley.
Mr. Brasco with Mr. Kee.
Mr. Wyatt with Mr. Gerald R. Ford.
Mr. Aspinall with Mr. Andrews of North Dakota.
Mr. Bergland with Mr. McMillan.
Mr. Kluczynski with Mr. Shoup.
Mr. Charles H. Wilson with Mr. Bob Wilson.
Mr. Staggers with Mr. Pirnie.
Mrs. Abzug with Mr. Halpern.
Mr. Carey of New York with Mr. Kuykendall.
Mr. Fulton of Tennessee with Mr. Hungate.
Mr. Foley with Mr. Lent.
Mr. Dulski with Mr. Abourezk.
Mr. Biaggi with Mr. Clay.
Mr. Clark with Mr. Biester.
Mr. Koch with Mr. Metcalfe.
Mr. Gallagher with Mr. Quie.
Mr. Scheuer with Mr. Dellums.
Mr. Bingham with Mr. Collins of Illinois.
Mr. Teague of Texas with Mr. Stephens.
Mr. Stratton with Mr. Tiernan.
Mr. Helstoski with Mrs. Chisholm.
Mr. Jones of Alabama with Mr. Alexander.
Mr. St Germain with Mr. Adams.
Mr. Pryor of Arkansas with Mr. Spence.
Mr. Culver with Mr. Link.
Mrs. Hicks of Massachusetts with Mrs. Dwyer.
Mr. Anderson of Tennessee with Mr. Anderson of Illinois.
Mr. Chappell with Mr. Frenzel.
Mr. Long of Louisiana with Mr. Wiggins.
Mr. Delaney with Mr. Pettis.
Mr. Conyers with Mr. Morse.
Mr. Nix with Mr. McKevitt.
Mr. Waldie with Mr. Powell.
Mr. Hébert with Mr. Saylor.
Mr. Diggs with Mr. Rousselot.
Mr. Evins of Tennessee with Mr. Downing.
Mr. Murphy of Illinois with Mr. Drinan.
Mr. Flynt with Mr. Edwards of Louisiana.
Mrs. Green of Oregon with Mr. Runnels.
Mr. Baring with Mr. Badillo.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CABELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed and to include extraneous matter.

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

There was no objection.

TRANSFER OF SPECIAL ORDER

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that the special order I have reserved for this afternoon be transferred to Tuesday, June 15, after the termination of all legislative business and other special orders heretofore entered into.

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

There was no objection.

PERSONAL EXPLANATION

Mr. PETTIS. Mr. Speaker, because of official business at the White House, I was unable to make the last rollcall today. If I had been present, I would have voted "yea."

OWNERSHIP OF TIDELANDS

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

Mr. HÉBERT. Mr. Speaker, for more years than most of us care to remember the subject of ownership of Tidelands has been a thorny subject under discussion inside and outside of Congress.

I introduced the first Tidelands bill in my freshman year in Congress 31 years ago. That should give an indication of how long the matter has been before the Congress legislatively.

Up to now it has been all heat and no light. We have gone up the hill and down the hill and nothing really has been settled. It has again become the subject of immediate discussion and one which could well be settled if reasonable men make a determination for that settlement. I have been in the Tidelands fight since its inception. Some of Louisiana's greatest legal talent has burned midnight oil in attempting to arrive at a legal solution, but without success. Now comes the time, I think, when just good old-fashioned reasoning and application of long established principles can settle the issue if we make a determination in that direction.

George W. Healy, Jr., editor of the New Orleans Times-Picayune, an old friend of mine, and a student of the problem for many years, in a preliminary observation appearing in the Times-Picayune recently came up with the soundest suggestion I have heard. It is not a new formula. It is an old and simple formula applied to all instead of a few. This formula would indeed be the key to opening the treasure chest which is locked and producing no benefit for either the Federal Government or State.

Today I am asking you to read George Healy's proposal as a forerunner to a more complete and detailed proposition which appeared in the New Orleans Times-Picayune on Sunday, June 5, and which I shall bring to your attention tomorrow.

[From the Times-Picayune, May 27, 1971]

DIVIDING $1.6 BILLION STATE TIDELANDS ESCROW FAVORED

(By George W. Healy, Jr.)

BIRMINGHAM.—Listening to and talking with President Richard M. Nixon and discussing the tidelands situation with one of his Cabinet members and a White House advisor have convinced this Louisianian that now is the time for action in this matter.

The national administration would like to resolve federal-state differences over division of offshore minerals revenues. Those differences have led to a deadlock which threatens to become an impasse. More than $1.6 billion is held in escrow—or, as a Presidential advisor described it, in the registry of the court.

President Nixon is committed to do whatever he can do to make and keep America strong spiritually, economically and militarily. Varied differences, involving regions, race and religion, he pointed out, can threaten national unity and erode national strength when carried to extremes. He mentioned Tuesday differences between federal government and state governments as sources of problems.

The differences between the federal government and the governments of the coastal states regarding use of bonuses and royalties from oil, gas and other minerals severed from beneath the oceans and gulf has become a conflict. It is a futile conflict, in our opinion, as senseless as its critics call the Vietnam War.

Nobody is winning or can achieve now complete victory in this federal-state conflict. The United States could put its share of the impounded $1.6 billion to good use, and Louisiana—off whose shores this income was produced—certainly needs its share.

With full consideration of the needs of all states, we urge, again, that the best way for the federal government to start its revenue-sharing plan is by division of $1.6 billion already available.

Spokesmen for the national administration acknowledge that because it provides education, police and fire protection, roads, health and welfare services, library service and many other essential services to residents of coastal areas who come and go from the offshore rigs, their wives and children, the coastal state is entitled to a fair share of revenue from mineral production off its shores.

Show us a fair way to divide this money, they say.

The federal government has a long-honored formula covering the sharing of revenues from federal lands within state boundaries. Since 1920, states have received 37.5 per cent of the revenues from oil and gas production from United States-owned lands in the respective states. Alaska, an exception, shares 90 per cent.

Louisiana's strong legislative delegation, we believe, should seek immediately to enlist the aid of delegations from other coastal states and from inland states which share in federal revenues from oil, gas, grazing and lumber generated on federal lands. This could put delegations of practically all states behind legislation to end the tidelands deadlock. The sole purpose of this legislation

should be to apply to revenues from the disputed tidelands the same division formula long applied to revenues from federal lands in Montana, Utah, New Mexico and many other states.

The Nixon administration repeatedly has expressed interest in helping states meet their critical financial problems. The flight of our oil and gas industry to seaward areas where there are no severance taxes presents a clear and present danger to Louisiana's financial condition.

Settlement of the tidelands deadlock would alleviate the state's financial pinch. It would serve the best interests of both the nation and Louisiana.

Agreement between the states and Washington is long overdue.

Capitol Hill and The White House, please get busy.

WE MUST STOP THE FLOW OF HARD DRUGS INTO THIS COUNTRY

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

Mr. ROUSH. Mr. Speaker, today, I would like to make a few comments on a subject of increasing concern to this Nation. Because of the alarming proportions drug addiction is reaching in this country, it is my opinion that the United States must voice a firm commitment to stop the flow of hard drugs into this country. For this reason, I have cosponsored legislation, with a number of distinguished Members of this body, that would cut off economic assistance to those countries that fail to exercise adequate controls over illegal narcotic importation to the United States.

Because of the relatively recent public awareness of the seriousness and extent of drug addiction in this country, little has been done by way of curtailing the availability of drugs at its source. Remedies are desperately needed and much has been proposed in response to the urgency of the problem. I believe that to drastically diminish the supply should be our prime target of concern. Strong measures will have to be initiated to make those foreign governments where the opium poppy is grown control the growth of that poppy so closely that practically no opium seeps into illegal trade. The legislation I am introducing would require those countries illegally exporting narcotic drugs—essentially opium and opium derivatives—to the United States to undertake the appropriate measures to prevent this unlawful narcotic flow. If they choose not to regulate production, then the legislation requires that they rigidly enforce an embargo on exportation to the United States or lose the foreign aid this country supplies. For us to continue foreign aid to a country which continues to illegally traffic in drugs in this country is the height of folly.

Somehow, we must protect the American citizen, in particular, our young people, from the massive infusion of illegal drugs. This legislation acts as a warning to those nations which are the major producers of illegal narcotics that this country will not allow its citizens to be jeopardized by this illicit drug traffic.

AWARDING OF GOLD STAR INSIGNIA

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

Mr. HANLEY. Mr. Speaker, I rise in support of H.R. 803, a bill designed to broaden the standard of eligibility for awarding the Gold Star insignia. This involves the reestablishment of the eligibility criteria which prevailed prior to 1966, when Congress approved Public Law 89–534.

Before 1966, the Gold Star insignia was awarded to the next of kin of any serviceman who died in the line of duty during a period of armed hostilities. However, in 1966, the eligibility criteria was narrowed. Under the new formula, the insignia is awarded only in cases where the serviceman's death occurred "in military operations involving conflict with an opposing force." It is my conviction that the more recent standard is too narrow and ought to be replaced by the one which was established at the initial enactment of the program.

I believe that the family of any serviceman who loses his life in the service of his country is entitled to this small token of recognition.

My interest in proposing this change developed out of correspondence I had with a constituent of mine, Mrs. Alice Hopseker, who has been the department president, Department of New York, American Gold Star Mothers. Mrs. Hopseker has received inquiries from a number of families of servicemen who died in the line of duty, but not in combat in Southeast Asia. They were concerned over the fact that the insignia was unavailable to them.

I want to commend Mrs. Hopseker for her initiative in this matter and her perseverance in assisting others who called upon her for help.

My feeling is that the Gold Star insignia should be a symbol of this Nation's remembrance to families of all servicemen who died performing their duty at a time when the United States was at war. This seemed to be the intent of the original law, and this is the intent of H.R. 803.

CIVIL RIGHTS VIOLENCE IN MISSISSIPPI

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

Mr. RYAN. Mr. Speaker, on Thursday, June 3, Sister Barbara Boltz and five students from the University of Wisconsin, all of whom are working in the voter registration project in Mississippi, were shot at in Tallahatchee County, Miss. This was not an isolated incident. Other instances of violence, with clear civil rights overtones, have occurred in Mississippi recently.

On Friday, upon learning of this latest shooting attempt, I called David L. Norman, acting chief, Civil Rights Division, Department of Justice. Mr. Norman was not available, but I did speak with William O'Connor, chief of the Criminal Section, Civil Rights Division. My purpose in calling was to urge that the Justice Department take immediate steps to avert the violence being leveled at civil rights workers in Mississippi.

I think it imperative that Federal examiners and Federal observers be sent to Mississippi—particularly to those areas where violence has occurred or appears likely to occur—to prevent further violence and intimidation which have as their ultimate aims the intimidation of not only those working in the voter registration drive, but of potential black voters.

Following is the letter which I have sent to Attorney General John Mitchell urging him to take such action:

JUNE 5, 1971.

Hon. JOHN MITCHELL,
Attorney General of the United States Department of Justice, Washington, D.C.

DEAR MR. ATTORNEY GENERAL: In recent weeks, incidents of violence have occurred in the state of Mississippi which I believe have very clear implications regarding the infringement of civil rights. At least some of these incidents appear to be related to the voter registration drive being conducted in the state of Mississippi, in association with the gubernatorial campaign of Charles Evers. On Thursday, June 3, a nun, Sister Barbara Boltz, and five students from the University of Wisconsin, who have been working in Tallahatchee county registering voters, were shot at.

I believe it imperative that federal examiners and federal observers, pursuant to the Voting Rights Act of 1965, as amended, 42 U.S.C. 1971, et. seq., be assigned immediately to the state of Mississippi, particularly to those areas of the state where violence has occurred or appears likely to occur. A federal presence is essential to prevent repetitions of the violence which has been occurring, to ensure that the civil rights of all citizens are protected, and to make it possible for black citizens of Mississippi to register and vote without fear.

I urge that federal examiners and federal observers be assigned immediately.

With kindest regards.

Sincerely,

WILLIAM F. RYAN,
Member of Congress.

ARE THEY REALLY TRYING TO MAKE AMTRAK WORK?

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

Mr. VAN DEERLIN. Mr. Speaker, Congress has taken extraordinary steps, through the formation of Amtrak, to save railroad passenger service.

Thousands of devoted railway employees share the hope that Amtrak will succeed, and are doing their best toward that end. Yet the suspicion lingers that at the upper echelons there remain some key people who—having spent a good portion of their careers trying to kill the passenger business—are still determined to prove we cannot make a go of it.

How else may we account for the lack of adequate planning that often has led

to overcrowding, delays, and disruption in the new service? The mid-afternoon Amtrak departure from my home city of San Diego to Los Angeles, at the wind-up of a 3-day Memorial Day weekend holiday, is described in the following news item from the San Diego Union of Tuesday, June 1:

HUNDREDS FIND SRO SIGN ON TRAIN TO LOS ANGELES

Hundreds of passengers aboard the last train bound for Los Angeles yesterday afternoon, had to ride standing up in the aisles.

A few who refused to take the train if they were not given seats were told to take bus or airline.

One such man was Stephen Pinckney of 3996 Dignan Blvd., Los Angeles, who said he and his family came to San Diego "mainly to ride the train."

Pinckney said he will call his lawyer in the morning.

ORIGINAL NUMBER

Five coaches arrived at the Santa Fe Railroad Depot to take the passengers at 4 p.m. yesterday. When it was seen there were not enough, five more coaches were added.

During the more than 20 minute wait for the second coaches, passengers milled around the station expressing their annoyance.

A train conductor said the problem would multiply when the train reached Oceanside where a large crowd was waiting to board.

NO AUTHORITY

When asked what went wrong, he said, "We know how many people are supposed to take the train because most of them have round trip tickets but there is no one with the authority to order more coaches."

The conductor said there were more than 400 seated passengers and an equal number standing in the aisles. Each of the 10 coaches has 47 seats.

Railroad clerks at the depot said there normally are crowds during holidays. "It just happens that there are more people than we anticipated," one said.

Mr. Speaker, one eagle-eyed observer of Amtrak is Oliver H. Williamson, a resident of Del Mar, Calif., and—by choice—a frequent rail traveler. Mr. Williamson, whose views I have previously inserted in the RECORD, wants desperately to see Amtrak succeed. Yet a trip he made recently with his wife Min on a portion of Amtrak's north-south coastal service did little to fortify Mr. Williamson's hopes. I have excerpted a detailed letter he wrote me on the subject—contrasting the efforts of lower level rail employees with what might be viewed suspiciously as sabotage at the top.

Following is Mr. Williamson's perceptive account of his Amtrak travel:

DO YOU KNOW THE WAY TO SAN JOSE?

Min and I went to the Del Mar Santa Fe station on Tuesday and purchased, for $75.20, two round-trip coach tickets from Del Mar to San Jose for use on the Amtrak train leaving Del Mar at 7:30 a.m. Friday (let me insert here that the Del Mar agent is a friendly efficient young man who is doing his best to make a go of the new method. He has his doubts as to the final results as he says there is a serious lack of coordination at the higher levels).

We arrived by taxi at 7:15 a.m. on Friday and, as it was raining, we were looking forward to the shelter of the waiting room. But it was not to be; alas, the Del Mar depot was locked and if we had not purchased our tickets in advance, we would not have been permitted to board the train.

I was surprised at the limit of the consist when the train pulled in. Two power cars, one baggage, a lounge car, one coach, one pullman. Local passengers were seated in the coach with the through passengers. The six who boarded at Del Mar took up the last remaining seats. I went up into the lounge car and got a happy greeting from a gentleman behind the bar who had made many a trip pleasant over the years by his friendly service. I asked where they would put passengers who would be boarding at Oceanside, San Clemente, Santa Ana, Fullerton.

"They get herded into the lounge car until it is full, then they put 'em in the rest rooms and the leftovers stand in the aisle," I was told.

When a person gets up at 6 a.m. in order to catch an early train, he is not ready for breakfast before leaving his house. But it would be nice to have some after boarding the train. There was a card on the bar counter announcing the Amtrak "continental breakfast"—a sweet roll and coffee at 95 cents. The thought of paying 95 cents for a small snail-type product we used to get for 40 cents a dozen and a spoon of instant coffee in a paper cup (total cost could not be over 15 cents) did nothing for my appetite. I opted for a scotch and soda.

As our train came into the Los Angeles yards, it passed through several hundred nicely washed and polished coaches stored on sidings. These afforded no comfort to our standees.

The switching operation at Los Angeles terminal was done efficiently. There was a good-sized contingent of Amtrak brass on the platform sporting their big Amtrak buttons and making the appearance of expediting the departure. As soon as the train got rolling north, a waiter came through the car announcing the last call for breakfast. He had a ready response from us.

As it was now 11 a.m., we thought it was nice of the dining car steward to hold his breakfast service open to accommodate those who had come through from San Diego. We had ham and eggs, toast and coffee. Large eggs, nice ham steak, well cooked and well served. The dining car tariffs are just a shade high. There are a lot of brown bag lunches eaten by the passengers in the coaches who packed them at home, like in Grandma's day. However, the diner was doing a near capacity business.

PREFERS SCENERY TO MOVIES

We reached every station right on the tick of the clock. We had adjusted our seats to reclining position, and gazed out completely thrilled by the passing scene. The surf on the beautiful coastline, the fine crops growing in the fields, cattle grazing, fields being cultivated, and the insides of small cities—our land the way we ought to know it.

Children were running up and down the aisle, full of real glee. The conductors and brakemen were pleasant, answering all questions with a smile. The train porters also were on their toes, helping with baggage, passing out pillows, answering every call. Only twice during the afternoon did we stir from this pleasant setting by going forward to a very comfortable club car to restore the proper level of scotch and soda.

The only unpleasantness was something that lingered in my own mind. It was the memory of a San Diego TV appearance by a feminine member of the Amtrak board of directors. Her interviewer asked, "Did you come into San Diego on the train?" Answer: "No, I am always in a hurry to get someplace, so I use jets." Next question: "Do you have any fresh ideas as to how to make train travel more attractive?" Answer: "Oh, yes, we intend to show movies, so the passengers won't have to look out the windows."

What a choice for the board of Amtrak! Doesn't the dear lady know that 90 percent of the reason people want to travel by train is just so they can look out the windows? There seems small hope that she will ever learn this, because she does not ride on trains.

When we got off at San Jose, it was my intent to leave word of our return Sunday morning. This is suggested in the Amtrak literature, but although it was only 7:15 p.m. (and this is a city of 400,000) there was no one behind the passenger counter! Worse yet, there were no taxicabs available. When other passengers along with myself placed individual calls to the cab company and the cabs arrived (25 minutes) we asked why cabs did not come to the depot to meet the new Amtrak train. The answer: "We were told it wouldn't be worthwhile!"

By cab to a car rental agency (fare $2.90—our rental agencies are at airports, not railway stations).

HOW TO MAKE A RESERVATION?

In order to complete what Amtrak literature suggests (make a reservation) and ease my mind about getting seats for the return, I later put in a toll call from Pacifica to the San Jose station. No toll free or Zenith numbers, the basic three minutes for 70 cents. A woman answered, and I explained that I wanted to be sure of space on the Amtrak train headed south Sunday morning. There was a long pause, then "Just a minute." I was on hold, and remained on hold for seven minutes. She came on again (no apology for the wait) and said: "We don't have any information on things like that, and I don't know what you are talking about". Cost of call: $2.40.

Back to San Jose Sunday morning. In the absence of posted signs, we asked at the ticket counter where we should go to get aboard the Amtrak train. Track 5 was the answer—down a ramp, through a subway. Okay.

By the time the train was due to arrive, there were about 30 passengers with approximately 120 pieces of luggage lined up aside track 5. Two-thirds of these were children under 12 and women over 50. Track 5 seemed the proper one to come in on, as all other tracks in the yard were filled with San Jose-to-San Francisco commuter coaches, idle on Sunday. But when the train came, the operator in the tower threw the switch to bring it in on track 1, where it could not possibly get through.

I thought it would be a simple matter to back the train 500 feet, call the tower and get the proper switch. But no, Southern Pacific had a different idea. Send for a yard switcher to remove the commuter cars ahead, send a grouchy looking fellow riding on an electric baggage cart and armed with a bull horn to shout at all of us along Track 5 to pick up our luggage and go down the ramp, through the subway, up the ramp and board the train at track 1. This fleshy smart alec never offered to load a single piece of luggage onto his cart—not even for the oldest or weakest. He was having a ball with his bull horn herding the misguided sheep.

Departure from San Jose was 11 a.m. instead of the scheduled 10:15 a.m. This caused considerable worry to the passengers who were to change at Los Angeles for the Chicago train—a close connection with only 15 minutes time allowed.

MANY PASSENGERS, FEW SEATS

Once clear of San Jose, it was the wonderful trip all over again. Dinner in the diner was fine. We were almost happy that we had to wait a couple of minutes to be seated. The train was full. There was the same pleasant relationship between passengers and train crew. Children were playing in the aisles. The atmosphere in the club car was like a house party.

At every stop there were people waiting to get aboard and join the happy occasion. On the sidetrack at the remote station of Surf, a 26-car special excursion train was on

the siding. It was by the Pacific Railroad Society. The members were out along the track for more than a mile with their movie cameras on tripods waiting to get their pictures of the Amtrak train. We passengers on Amtrak felt like celebrities.

The time is ripe and the nation is ready to clasp the passenger train to its bosom. A group of about 50 came abroad at Santa Barbara and detrained at Oxnard. They lived in Ventura, which is not an Amtrak stop. They had driven their cars to Oxnard and parked them, took the bus to Santa Barbara so that they could ride the train back to Oxnard. They stood in the aisles and sat on the arms of the davenports in the club car and such.

When we got unhitched at Los Angeles and became the San Diego train, it was the same thing again. Only one coach and a mass of passengers to board. These included a whole gang of Marines for Oceanside, to get back to Camp Pendleton. They were standing in the aisles, and after using up all of the seats in the lounge car they were sitting on the carpeted deck. I weaved my way into the group, and to my old friend behind the bar. He was busy passing out beer and pop to the youthful overload. When we had a chance, he asked me what made the train from the north so late. I told him of San Jose, and he said things like that happen all of the time. The Southern Pacific is determined. He asked me a favor "Will you write what happened to a member of the Amtrak board?" My answer was that I would write about it to a friend of mine who is a Congressman.

WORMS IN THE WOODWORK?

If I were asked to make some recommendations for the betterment of the service, they would be:

Retire the district passenger agent at San Jose and instead of presenting the traditional gold watch, he should be awarded a plaque taking notice of his expertise in getting rid of passenger trains.

Relieve that jet-flying member of the Amtrak board, and suggest she seek future employment in a lunchroom at an airport.

Take a flock of good coaches off the storage tracks and put them into the consists of the operating trains, so passengers can sit down.

Add a couple of plate lunch (casserole type) items to the dining car menus.

Build a rapport with the taxicab operators and car rental agencies.

All would be helpful, but I have a consensus from men who have worked on railroads for many years and love them dearly. They have a strong feeling Amtrack is a deftly conceived scheme to sabotage all passenger trains.

A termite exterminator is needed. There are worms in the woodwork.

As ever,

OLIVER.

THE NEW FOREIGN AID BILL

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

Mr. MORGAN. Mr. Speaker, I have introduced today a new foreign aid bill to take the place of the two draft bills which were sent to us by the President in his message of April 21, 1971.

This is the bill on which the committee will work during its markup of this year's foreign aid legislation which we expect to begin next week.

The bill which I have introduced today is only nine pages in length and authorizes appropriations to finance the operation of the foreign assistance program for the next fiscal year under the authority provided in existing law.

The Executive submitted two draft bills which provided for major changes in the organization of the foreign aid program. One bill was 60 pages long, and the other, 78 pages.

The legislation recommended by the Executive provided for the establishment of two Government corporations to provide development assistance to the less developed countries. These corporations were to be financed, in part, by Treasury borrowing, and their operations were to be subject to less control by the Congress and the State Department than is provided under existing law.

I want to make clear that I am not opposed to a major reorganization and redirection of the foreign aid program. It is time for the Congress to review what our objectives should be and to consider how best to do what should be done.

As you all know, the proposed legislation did not reach us until April 21. We began hearings on April 27 and have continued with these hearings since then.

We face the fact, however, that the fiscal year is nearly over and that it will take much more time than is available for the committee to do what should be done before we bring to the floor a major reorganization of the foreign aid program.

The money amounts in the bill are subject to change. I do not know whether the amounts can be justified or not. I had the committee staff make adjustments in the figures contained in the President's budget in order to have them conform to the existing structure of the foreign assistance program rather than to the new structure recommended by the President.

The committee will examine them with care during the markup.

The introduction of this bill does not mean that I intend to stop work on the reorganization and redirection of foreign aid. We intend to resume consideration of the President's recommendations and the overall problem of what the future of foreign aid should be as soon as action on this 1-year authorization is completed.

THE REVEREND CANON THEODORE R. GIBSON

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

Mr. FASCELL. Mr. Speaker, Robert Green Ingersoll once wrote:

Men are not superior by reason of the accidents of race or color. They are superior who have the best heart, the best brain. The superior man stands erect by bending above the fallen. He rises by lifting others.

Such a man is the Reverend Canon Theodore R. Gibson of Miami, Fla. Rector of Christ Episcopal Church in Coconut Grove, for the last quarter century, Reverend Gibson recently was the recipient of two signal honors.

Last month Reverend Gibson was named Dade County's Outstanding Man for 1970 by the Miami Sholem Chapter of B'nai B'rith. In addition, on May 27 he received an honorary doctor of divinity degree from Virginia Theological Seminary.

These awards are only the most recent of a number of well-deserved honors which have been bestowed upon Reverend Gibson. His record of leadership and accomplishment in the fields of civil rights and community affairs has made him a national figure in the continuing cause of equal rights and opportunities for all Americans.

Theodore Roosevelt Gibson was born in Coconut Grove, Fla., on April 24, 1915. He attended St. Augustine's College in Raleigh, N.C., and Bishop Payne Divinity School, now part of the Virginia Theological Seminary. After graduation, he began his ministry in the Eastern Carolinas, covering the towns of Washington, Bellhaven, Sladesville, and Aurora, and from there went on to serve in the Hampton, Va., area.

Miami was the third charge given to Reverend Gibson. Under his leadership for the past 25 years, Christ Episcopal Church has grown from a mission church to a parish of more than 800 members.

Reverend Gibson's success in his clerical duties has been paralleled and complemented by his contributions to the secular life of his community, State, and Nation. Despite personal risks and threats to his life, Reverend Gibson has courageously sought to eliminate inequality wherever he has found it.

Among the causes Reverend Gibson has successfully championed over the past 25 years have been slum clearance programs in Coconut Grove, the establishment of the Richmond Heights community which now numbers 2,500 families, and the desegregation of city buses, hospitals, lunch counters, and city- and county-owned parks, golf courses, beaches, and recreation areas.

In addition, Reverend Gibson filed the first school desegregation suit in Florida, with his son, Theodore II, as one of the plaintiffs.

Reverend Gibson is a member of the Metropolitan Dade County Housing and Urban Development Advisory Board. Previously, he served for 10 years as president of the South Florida branch of the National Association for the Advancement of Colored People. For 23 years he has been vice chairman of Coconut Grove Cares, Inc., which was formerly the Coconut Grove Citizens Slum Clearance Committee.

The citation which accompanied the presentation of the 24th annual Dade County Outstanding Citizen Award to Reverend Gibson reflects the high regard which Dade Countians have for this dedicated man. The citation read:

The man that we are about to honor has touched the lives of all of us in Dade County. His service to humanity and to his fellow man cannot be summed up in these brief remarks. He has brought honor to his people, his friends, and his community. His courage, judgment, and restraint mark him as Dade County's Outstanding Citizen.

Equally deserved was the tribute paid to Reverend Gibson by the Virginia Theological Seminary. In conferring the honorary degree upon him, the president of the board of trustees said:

Theodore Roosevelt Gibson, your ministry, since your graduation from the Bishop Payne Divinity School in 1943, has been one of extraordinary service both to the parishes where you have ministered and also to the communities in which you have lived. Your dedication and faithfulness as a parish priest and in particular your leadership as rector of the Christ Church in Miami for more than twenty five years have been coupled with wise, skillful, and effective leadership in the cause of racial justice, carried out at times with great personal risk. Your service in the National Association for the Advancement of Colored People and your commitment to the aims of that organization have won for you just recognition from many sources. To the many honors you have received the Virginia Seminary is privileged to be able to add another and confer upon you the degree of Doctor in Divinity honoris causa.

Mr. Speaker, I am proud to call the attention of the House to the service and leadership of the Reverend Canon Theodore Gibson. It is a privilege to represent such a civic minded citizen in the Congress of the United States.

BIRTHDAY OF THE SCHOOL LUNCH PROGRAM

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

Mr. DORN. Mr. Speaker, it was my privilege today to attend a splendid program at the Department of Agriculture commemorating the creation of the school lunch program. Twenty-five years ago, on June 4, 1946, the act authorizing this project was signed into law by President Truman. At the commemoration ceremonies today Secretary Hardin and the Honorable L. S. Bickmore, chairman of the board of Nabisco., Inc., made the principle addresses. Senator ELLENDER, who along with others introduced the original legislation, made appropriate remarks. He was joined by Senator PERCY of Illinois, who also made comments on the school lunch program. Senator ANDERSON of New Mexico, former Secretary of Agriculture, was also present for the ceremonies. In addition, I was pleased to note that many of my distinguished colleagues from the House were in attendance at this great occasion.

The school lunch program has been a positive one. It has been a program of action. The program is one of our most powerful means to combat hunger, disease, and malnutrition in our country. It has contributed more to the cause of education than any other single act of the Congress. The school lunch plan has been expanded and improved until today it reaches to the very heart of the problem—that of the individual undernourished and underprivileged child. Thousands of schoolchildren have received benefits as recipients of this needed assistance. The school lunch program is a model of Federal, State, and local government cooperation, combined also with parental consent. This past year 25,000,000 children participated in the school lunch program and 900,000 children participated in the pilot breakfast program. Over 50,000 dedicated Americans are employed in the program. These skilled dietitians and their assistants work diligently to provide the finest school meals in the world to our children.

I personally have seen in my own family the results of the school lunch program in action, for four of my five children participated in this great program last semester. They tell me that the food is excellent and well balanced. I know that they and their fellow schoolmates across the Nation can do better schoolwork and have better powers of concentration when they utilize the school lunch program and all the benefits that it offers our youth.

A TRIBUTE TO HOWARD FRANCIS CLINE, DIRECTOR OF THE HISPANIC FOUNDATION OF THE LIBRARY OF CONGRESS

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

Mr. BRADEMAS. Mr. Speaker, the academic, library, and scholarly communities have lost one of their most active and productive figures with the death on June 1, 1971, of Howard Francis Cline, Director of the Hispanic Foundation of the Library of Congress for the past 19 years.

The Hispanic Foundation, established in 1939, is a center for scholars and researchers throughout the world interested in Spanish, Portuguese, and Latin American culture.

In Dr. Cline's short life, he left his indelible mark on the Hispanic Foundation, which under his direction developed into a highly respected center for Latin American studies. His many contributions to the field of learning not only included his books and numerous periodical articles, but also his highly regarded advice and guidance in leading and coordinating the efforts of top university administrators and scholars in formulating and advancing Latin American studies throughout the United States.

Dr. Cline was looked to by universities, foundations, and the U.S. Government for advice and counsel in their work in strengthening and developing Latin American studies in the United States and abroad.

BUILT HISPANIC FOUNDATION

His death will be deeply mourned by librarians and scholars and academicians, but especially by those of us who knew and dealt with him personally on various projects of the Hispanic Foundation. Under his dynamic directorship, the Hispanic Foundation developed into a mecca for serious students, researchers of Latin American and Iberian cultures.

Mr. Speaker, as one who had the good fortune to know Dr. Cline over a period of several years, I feel moved today to pay these words of tribute to him.

We had certain matters in common: both of us were born in Indiana, were graduates of Harvard University, and shared a deep interest in Hispanic studies.

Mr. Speaker, Dr. Cline was born on June 12, 1915. He spent his early years in Indianapolis where he attended primary school. A dedicated and alert pupil, he went on to Harvard University where he was graduated summa cum laude in 1939, and from which he received his Ph. D. degree in history in 1947.

A Phi Beta Kappa scholar, he was endowed with great industry and drive, and with a certain sense of humor and warmth of spirit that made all who really knew him feel at home in conversation and discussion, whether it was for counseling with graduate students, or discussions with established academicians and foundation executives.

Mr. Speaker, Dr. Cline won many honors. He was a Sheldon Prize fellow in 1939 and a Social Science Research Council fellow in 1942–43. From 1943 to 1946 he was assistant dean of Harvard college and the following year an instructor at Harvard University, followed by 2 years as instructor at Yale University. In 1947, he was a Woodbury-Lowery fellow. From 1949 to 1952, he was an assistant professor of history at Northwestern University and at the young age of 36 took over direction of the Library's Hispanic Foundation.

RESPONSIBLE FOR MANY VOLUMES

During the 19 years Dr. Cline served as director of the Hispanic Foundation his division prepared and published 39 major bibliographic works for scholarship, including 19 volumes of the "Handbook of Latin American Studies; Latin American Newspapers in United States Libraries: a Union List"; "Latin America in Soviet Writings," 2 volumes; and the "National Directory of Latin Americanists." Under his leadership the Library of Congress' holdings of research materials from Spain, Portugal, and Latin America have been substantially strengthened.

His most important works, on Mexican history, "The United States and Mexico," 1953, and "Mexico: Revolution to Evolution," 1962, have become classics, reprinted several times. His scholarship broached several disciplines, including several treatises on Latin American anthropology which he supervised as volume editor for three volumes of the "Handbook of Middle American Indians," now in press.

In addition, Mr. Speaker, Dr. Cline represented the United States as official delegate to the Second International Colloquium on Luso-Brazilian Studies, São Paulo 1954; adviser to the U.S. delegation of the VI General Assembly, Pan American Institute of Geography and History in Mexico, 1955; Second Cultural Council, OAS, Lima, Peru, 1956; American Council of Learned Societies representative at the Third International Colloquium on Luso-Brazilian Studies, Lisbon, Portugal, 1957; adviser to the U.S. delegation, IV Consultation, Commission on History Cuenca, Ecuador, 1959; national member of the Commission on History—PAIGH—from 1959; vice chairman, U.S. delegation, Fourth Interamerican Cultural Council, 1959; and member of the Executive Committee, Commission on Latin American Anthropology, National Research Council, from 1956.

MISSION TO MEXICO

Mr. Speaker, this past year President Nixon named Dr. Cline, among others, as U.S. Ambassador to Mexico on special mission to accompany Secretary of State Rogers and Ambassador McBride to represent him at the inauguration of Luis Echeverria as President of Mexico on December 1, 1970.

Dr. Cline was a member of many professional and learned societies, past president of the Conference on Latin American History, and chairman of the Committee on Activities and Projects—CLAH. As chairman of this committee he was instrumental in obtaining a Ford Foundation grant of $125,000 to support the conference's research and publication activities.

In 1966, Dr. Cline was one of the major guiding forces behind the establishment of the Latin American Studies Association and drafted its Constitution.

His article on "The Oztoticpac Lands Map of Texcoco (1540): a Recently Discovered 16th Century Aztec Pictorial Document" which was published in the Library of Congress Quarterly Journal, April 1966, won the Conference on Latin American History Prize for the best article on Latin American history in 1966. Several of his articles have been translated into Spanish and other languages.

Another honor that Howard Cline received, Mr. Speaker, was commander of the Order Isabel la Católica, conferred on him by Spain.

Because of Howard Cline's untiring energies and devotion to the improvement of scholarship in the field of Latin American studies, his many friends and colleagues have established a Howard F. Cline Memorial Fund to pay tribute to the many contributions he made to Latin American studies. Mr. Speaker, I believe the establishment of this fund is a most appropriate way to honor the memory of a man we shall miss very much.

RURAL ELECTRIFICATION ADMINISTRATION

The SPEAKER pro tempore (Mr. EDMONDSON). Under a previous order of the House, the gentleman from Texas (Mr. PICKLE) is recognized for 60 minutes.

Mr. PICKLE. Mr. Speaker, 35 years ago this Government had the foresight to set up a loan program to bring to rural America the opportunities and advantages of electricity. The challenge before us today is to seek the ways to preserve the good this program has done.

The first central generating system was built in 1882. Over the next four decades 10.9 percent of our farms acquired electricity. Then followed the distribution systems. Now, just over 3 decades later, 98.4 percent of our farms and rural areas enjoy electrical power. The Rural Electrification Administration, and in particular the 2-percent loan to our rural electric cooperatives is, more than any other factor, responsible for this achievement.

In the process, rural electrification has opened up a rural market for electrical appliances and equipment now estimated at $1 billion per year. It has brought higher standards of living to our rural areas. It has opened the possibility of stemming the budget-crunching migration to urban areas.

I say this because surveys indicate seven out of eight new electrical cooperative customers are now not farm connected. About one-half our rural electric customers no longer till the soil.

And, more importantly, REA Administrator David Hamil once wrote:

REA urges its borrowers to participate actively in community development programs.

If a planned program is not already underway, borrowers should take the lead in bringing key people of the community together.

His words obviously fell on receptive ears. In the 1960's, REA borrowers assisted almost 4,100 commercial, industrial, and community facility projects. In so doing, they directly created an estimated 186,000 jobs and indirectly created 120,000 more—a grand total of 306,000 jobs to help rural America.

Cooperatives are entering other fields. They are encouraging new businesses. They are diversifying.

And these REA borrowers are paying back to the Government every cent loaned to them—paying it back with interest. By January 1, 1971, more than $6.6 billion in loan funds had been advanced to REA borrowers and more than $3.5 billion had to come back in—including $1.2 billion added return for the Government through the 2-percent interest payments.

In spite of all this, we are awakening to the fact that our rural electric cooperatives are strangling to death financially. For 6 years running we have appropriated around $350 million for loan authorizations. Yet in this time the demand for power per customer has doubled. In this time we have been adding around 150,000 to 200,000 customers each year. In this time inflation has drastically cut the worth of that $345 million. And coupled with these problems are loan practices which most co-ops find restrictive and expensive. Coupled with these problems are old flaws and new pressures on the system of rates which cooperatives charge their members.

I think we must explore every possible avenue to help keep our rural electrical cooperatives strong. And today my good colleague, the Honorable JOHN MELCHER, and I have invited the Members of the House to join us in this discussion and in this search.

If traced to its origin, the phrase "power to the people" could mean rural electric co-ops. These hardy groups of private citizens grabbed the challenge of lighting the 40-watt bulb in rural America. For many years they have brought electricity to areas which otherwise would still find themselves in the age of the kerosene lamp and the hand wringer washer. And they have done a mighty good job. Their accomplishments deserve the highest admiration of this Congress and of this country.

But the job is not yet done.

Today we hope to discuss certain specific areas of needs and problems, and hopefully we may make suggestions for some possible changes or new approaches. The general areas of discussion are: Loan needs, advance funding, or the so-called revolving fund, reserve levels and the paradoxical position in which co-ops are placed, the 2 percent loan program and appropriations, the CFC, the deferment of principal proposal, the 2-year loan period, generation and transmission funding, rate requirements and notice to members of co-ops about rate changes, and other items which my colleagues here may advance.

The purpose is to point out the alarming need for more or better financing methods—to remind America that our cooperatives need help and they need it now.

LOAN NEEDS

First, today, I want to talk about loan needs—about what is needed for construction and operation of generating plants, for construction and upkeep on transmission and distribution lines and system.

In calendar year 1973 alone, it now looks like our co-ops will need over 67 million feet of underground cable—almost twice what they purchased in 1969. They will need 776,000 new poles, and they will need to replace 312,000 more. They will need over 425,000 watt-hour meters—all these figures well over demands of previous years. And they will need all the other equipment that goes with an average of 175,000 new customers per year. One co-op in my own district is running an average of 200 new members every month.

Power loads—by rule of thumb—double about every 8 years—now almost 700 kilowatt-hours per month compared to a little over 350 kilowatt-hours per month in 1960 for the average co-op residential consumer.

The National Rural Electric Cooperative Association annual survey turned up an expected need for $804 million in loan funds for fiscal 1972—$530 of it new applications.

It may even be that this $804 million is not the whole story. Reports indicate that requests for REA loans are drastically reduced in the current efforts to spread funds around—reduced by almost $70 million in fiscal 1970, for instance. And other applications have simply disappeared from the REA roster. Thirty-three applications for $21.5 million disappeared from July 1969–December 1970.

Since 1965, our appropriations to handle these needs have hovered around $350 million. This year the budget request is $345 million—$345 million to handle $530 million in new applications plus the backlog of loans piling up in the last 6 years—loans getting more urgent each month. And the demand will not let up. The Library of Congress estimates that co-ops will need to invest well over $8 billion in the next 15 years.

Mr. Speaker, at this point I would like to insert a recent summary of loan requests from each State. The list was compiled by NRECA in their annual survey of loan fund needs and this table tells in an absolute and graphic manner the loan needs of our cooperatives. The table follows:

BREAKDOWN OF LOAN REQUESTS BY STATES

[NRECA 1972 annual loan fund survey]

	Loan backlog, Dec. 31, 1970 [1]	Applications to be submitted: Jan. 1, 1971 to June 30, 1971	Applications to be submitted: July 1, 1971 to June 30, 1972	Total
Alabama	782,000	7,455,000	24,484,000	32,721,000
Alaska		7,330,000	16,183,000	23,513,000
Arizona		7,311,075	9,695,000	17,006,075
Arkansas	35,701,000	14,868,280	12,613,632	63,182,912
California			360,000	360,000
Colorado	25,242,000	5,627,000	43,030,000	73,899,000
Connecticut				
Delaware		1,400,000	1,400,000	2,800,000
District of Columbia				
Florida	4,043,000	9,435,150	13,366,527	26,844,677
Georgia	2,609,000	14,417,000	16,685,000	33,711,000
Hawaii				
Idaho		1,800,000	2,558,000	4,358,000
Illinois		6,129,000	14,094,000	29,223,000
Indiana		4,702,000	7,177,655	11,879,655
Iowa	3,339,000	3,396,252	11,772,000	18,507,252
Kansas	2,782,000	1,950,000	14,822,000	19,554,000
Kentucky	78,961,000	11,757,000	13,957,000	104,675,000
Louisiana	1,100,000	15,591,000	11,624,000	28,315,000
Maine		2,666,105	2,525,000	5,191,105
Maryland		2,450,000	637,000	3,087,000
Massachusetts				
Michigan	7,153,000	7,225,000	8,627,000	23,005,000
Minnesota	12,370,000	16,215,000	35,189,000	63,774,000
Mississippi	13,700,000	7,723,725	36,848,000	58,271,725
Missouri	2,345,000	29,582,000	38,776,700	70,703,700
Montana	1,195,000	1,416,000	2,479,000	5,090,000
Nebraska		4,902,000	15,481,000	20,383,000
Nevada	201,000		750,000	951,000
New Hampshire	2,306,000	2,693,689	2,500,000	7,499,689
New Jersey				
New Mexico	4,117,000	11,200,000	6,690,000	22,007,000
New York		1,420,000	850,000	2,270,000
North Carolina	10,334,000	14,699,000	4,235,000	29,268,000
North Dakota	13,361,000	1,102,000	51,174,160	65,637,160
Ohio	2,812,000	3,904,000	5,098,000	11,814,000
Oklahoma	31,490,000	9,800,000	11,650,000	52,940,000
Oregon		3,093,000	4,764,000	7,857,000
Pennsylvania	606,000	4,802,500	6,233,000	11,641,500
Rhode Island				
South Carolina	3,624,000	12,561,000	4,302,000	20,487,000
South Dakota	992,000	4,761,686	3,447,237	9,200,923
Tennessee	4,034,000	4,800,000	7,956,000	16,790,000
Texas	7,687,000	48,294,641	44,641,850	100,623,491
Utah	1,742,000	1,150,510	770,000	3,662,510
Vermont		5,143,000		5,143,000
Virginia	6,945,000	3,781,000	8,727,000	19,453,000
Washington	2,022,000	4,511,000	4,152,000	10,685,000
West Virginia	165,000	144,000	880,000	1,189,000
Wisconsin	3,312,000	14,905,000	4,627,000	22,844,000
Wyoming	526,000	1,305,000	2,302,600	4,133 600
Total	287,598,000	339,419,613	530,134,361	1,157,151,973

[1] REA preliminary figures.

I know many of us here today have received pleas from our own co-ops—have had our own co-ops paint for us a desperate loan picture. I know mine have. And I think we must find ways to answer those pleas with the funds they need.

Mr. Speaker, permit me to repeat some of the needs we have mentioned.

Since 1965, the level of authorizations has been $350 million or less. The current budget request for fiscal 1972 is $345 million—or $329 million plus the $16 million, the administration, I understand, has indicated a willingness to have an amendment which will raise the level back up to $343 million.

NRECA, however, calculates that we will need $804 million in funds in fiscal 1972 to cover the loan backlog plus the loans expected to come in in 1972.

According to NRECA surveys, the loan backlog was almost $300 million on December 31, 1970, and is expected to be $435 million by the beginning of fiscal 1972. The REA estimate is not so high—but they still expect a disturbingly substantial loan backlog of $360 million.

There have also been reports that the backlog figures do not include the amount of loan requests which were cut from applications—the amount by which loan requests were reduced before the applications were approved. The report is that these applications cuts totaled $69.3 million in fiscal 1970, plus $9.7 million in the first half of fiscal 1971. There is also reportedly a total of $21.5 million in applications which were dropped from the REA list in the same 1½ years. This adds up to a total of $100.5 million additional loan funds which our co-ops need.

In addition to this backlog—the NRECA annual loan fund survey indicates there will be $530 million in new applications in fiscal 1972.

During the 1960's, the co-ops followed an REA request and paid ahead on their principal, NRECA calculates that the co-ops had accumulated a credit "cushion" of $350 million in this manner by 1968. In the last 6 months of 1970, however, the same co-ops were drawing on this cushion at a rate that would add up to $30 million per year.

Power demands are increasing drastically. According to REA figures, the average monthly consumption per residential customer went from 357 kilowatt-hours in 1960 to 695 kilowatt-hours in 1970. Also the power input of REA facilities went from 74.1 billion kilowatt-hours in 1969 to 81.8 billion kilowatt-hours just a year later—and is expected to reach 108 billion kilowatt-hours as soon as 1975.

In addition to power demands per customer, the number of customers is going up—many people say at a rate of 150,000 new members per year. This may be a conservative figure, however—The Library of Congress calculates an average of 175,000 to 225,000 new customers in recent years, and REA counted 250,000 new cooperative customers in 1970 alone.

According to one of my own cooperatives, by rule of thumb, it cost around $1,000 to serve each of these new customers.

And we must never forget that while our appropriations have remained static, inflation has cut their real value. In terms of 1967 dollars, inflation has now reduced the buying power of that $345 million to about $310 million.

And on the long-range side—as far back as the 1967 hearings on the co-op bank proposal it was estimated that our co-ops will need to invest $8 billion in the next 15 years. That figure has probably gone up by now.

Obviously, Mr. Speaker, the needs are great—in dollar terms alone. We know we must have more money appropriated, or funds obtained through the CFC, or from private sources, or possibly from a revised REA bank bill—or from some other source.

We in the Congress cannot just be understanding and polite, and, while we turn our heads, see our cooperatives go broke. We say our needs are astronomical—needs for more service to our rural citizens. And this takes cash.

I would like, at this time, to insert two letters from some of my own cooperatives. The letters tell in plain language some of the problems they are facing today. I would also like to insert a statement from the Texas State Electrical Cooperative Association which gives a wider view of these problems.

The letters follow:

PEDERNALES ELECTRIC COOPERATIVES, INC.
Austin, Tex., June 4, 1971.

Hon. J. J. PICKLE,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PICKLE: This letter will confirm my conversation with you June 3, 1971 concerning the problems facing our Cooperative and the needs we have today.

Pedernales Electric Cooperative, the largest and fastest growing electric cooperative in Texas, was chartered 33 years ago by a group of farmers and ranchers who needed and did not have electricity. The goal of our Cooperative is the same today as it was then—to provide dependable electric service, at the lowest possible cost, consistent with sound business management practice, to all persons in the rural area we serve.

In 1938, when we received our charter, it became difficult to "sign up" enough people to qualify for an FEA loan. Thanks to Lyndon B. Johnson who was our Congressman at that time, because he held meetings throughout the area informing the people of the benefits they would receive from having electricity available and he also gave a fine Stetson hat to the person signing up the most members. The hat was won by a man in Burnet County. My point in mentioning this is today we are serving over 23,000 meters. This is an increase of almost 1,000 meters since E. Babe Smith wrote you December 2, 1970 concerning some of our problems a short six months ago. This type of growth requires dollars, capital to improve and add facilities to our electric system in order that we may continue to serve the electric needs of the people in our area.

We have previously furnished you with a copy of the ten year projection of our financial needs which we prepared December 31, 1969. In that forecast we project we will be serving 35,010 meters in 1970. We know now, 18 months later, that projection is conservative. We feel now that 40,000 meters will be a truer figure. This growth in an immediate financial problem to the management of the Cooperative, but in the broader sense it is not the problem but really the answer. If we can continue to encourage people to move to the rural areas, we will achieve the goal of a rural-urban balance in our population. Let's not discourage people from moving to the rural areas. Let's encourage it. We can't do this job if all they can expect when they get there is a coal-oil lamp and a "two-holer" out back.

The basis for financing our rural electric operation for 33 years has been long term borrowing, 35 years, with low interest to compensate for the low density of consumers per mile of line, but the important thing that has been overlooked by the Congress and the Administration, in my opinion, is that *the Rural Electric program is the best rural program America has ever had*—it has paid its own way. The people have *borrowed* and I repeat *borrowed* the money and have repaid it when due with *interest*. The people of Rural America have faith in the rural areas but apparently the Congress and the Administration does not. Without adequate capital available the Rural Electric program, which is the backbone of Rural America, is slowly drying up on the vine.

The rate of interest paid on REA loans, in my opinion, is not as important as having adequate funds available from which loans may be approved.

Based on the information available to us at this time, Pedernales Electric Cooperative will need to borrow $35,000,000.00 during the next 9 years to meet its needs to serve this Central Texas area. In our entire 33 year history, we have only borrowed $24,000,000.00, so you see what growth means to us when converted into dollars required for capital investment.

Frankly, we do not seek grants nor subsidies—just that loan funds be available for lending and if we qualify under REA criteria that such loans be approved at the *required* rate of interest on a 35 year basis. This cannot happen so long as the appropriations authorized by Congress are at the same level they were 10 years ago. Here I again stress we are talking of *loans* not grants.

I am attaching a copy of my letter to you dated May 10, 1971 which accompanied a copy of our Loan Application to REA for fiscal year 1972 and 1973 which shows our capital requirements for that 2 year period to be approximately $8,0000,000.00. Also I am attaching a copy of President E. Babe Smith's statement made at the Cooperative's Annual Membership Meeting June 15, 1970, and his letter to you dated December 2, 1970.

These items along with other detailed reports and studies concerning rates, revenues and capital requirements previously furnished you should give you and your staff the facts on our total problem.

We now urgently request that you as our representative in Congress encourage the Congress to increase the Funding of REA to a realistic level based on the requirements and needs of rural America. This would then allow an easing of REA policy on the General Fund level required of its borrowers. Ten years ago we had a reserve level, General Funds, equal to 15% of plant and today we are actually operating at the extremely low level of 4 to 5% of plant in General Funds.

Sincerely yours,

TOM HUTCHISON,
Assistant to President.

WHARTON COUNTY ELECTRIC COOPERATIVE, INC.,
El Campo, Tex., June 4, 1971.

Hon. J. J. PICKLE,
Cannon Office Building
Washington, D.C.

DEAR CONGRESSMAN PICKLE: Conditions that are of grave concern to Wharton County Electric Cooperative, Inc., as well as leaders of Rural Electrification throughout the nation, need to be brought to the attention of Congress and for that matter; the general public. In focusing attention to these matters, it is not our intention to cast reflection on the sincerity of anyone connected with the Rural Electrification program. Quite to the contrary, they do an excellent job operating with limited funds and multifarious problems. However, the following problems do exist and need attention:

1. The low level and instability of reserve levels permitted to be maintained by electric cooperatives. The traditional 15 percent reserve level has been reduced to 8 percent and recently, has been a fluctuating level sometimes well below 8 percent.

2. Adequacy of loan fund appropriations to fund the legitimate expansion needs of the electric cooperatives. Loan requirements are exceeding funds available. Adequate appropriations are vital to the continued success of Rural Electrication.

3. The capitulation by many in responsible positions that rate increases are inevitable. If we who are the people's protectorate against high cost power give up, then there is little left to protect the public.

4. Loans for generating plants where needed, with appropriations adequate for funding these needs. Token seed capital loans will not get the job done in most cases, without ruinous resulting, retail rate increases.

There are other areas of concern nationwide with which you are familiar. They include skyrocketing cost of fuel for generation of electricity, depletion of natural gas reserves, need for a crash program by the Federal Government in developing the Breeder Reactor for nuclear energy and the full, Federal development of our surface natural resources for conservation and maximum electric power production for the benefit of all the people.

We appreciate your continuing efforts in support of Rural Electrification.

Sincerely,

F. N. STUBBS.

To: Congressman J. J. Pickle.
From: Texas Electric Cooperative, Inc.
Subject: Rural Electrification Needs in Texas.

Adequate funding of Texas rural electric cooperatives is vital to total development of the state. However, adequate funding is not the complete story and does not present the full picture. Providing solutions for the problems of rural Texas was only started with the advent of rural electrification. In the beginning it provided the power, but more importantly rural electrification created a responsible leadership for Texas that continues today. If given proper tools and if these concerned leaders are not crippled by inadequate financing these same leaders and cooperatives will provide drive and determination that will make rural Texas a better place to live and to work.

Properly supported, rural electrification leaders will work toward the elimination of overcrowded conditions that create major problems in our urban centers. Rural electric cooperative leaders have proven themselves in several areas of major concern. Agriculture has continued to meet the food and fibre needs of the nation and the world. Rural electrification has provided the power to move production to the consumer faster and with much less effort. Education has benefited through improved power sources, taxes and community leadership. Health improvement is evident with food preservation, improved lighting, efficient hospitals and power in the home and on the farms. Communication has been greatly improved in rural Texas.

Due to electrification our rural residents are no longer remote from the daily activities in the community, state, nation and the world. Recreational facilities are now possible in rural Texas due to the development of rural electrification. These facilities allow both rural and urban residents to become acquainted and therefore understand common problems.

It is true that above areas of concern have been strongly influenced by rural electric cooperative leaders, and the work is far from complete. A very real need now is to enable the rural electric cooperatives to keep up with their growing requirements. We must give the proven rural electric leaders adequate tools to continue their work and not cripple them with inadequate financing. If given the opportunity to use their full potential, these capable leaders will then be able to project creatively methods that will meet the needs of their area and work toward elimination of rural problems such as housing, water, sewage, pollution and work toward economic development.

Texas has 900 unpaid rural leaders, serving on the Board of Directors of rural electric cooperatives. They recognize problems in their areas and they know that these problems can be eliminated. They and the management of rural electric cooperatives can direct the 4000 employees of rural electric cooperatives serving in 244 of Texas' 254 counties toward the solution of many rural problems.

Now is the time for Congress to recognize the true value of these proven rural leaders and assure the necessary financing assistance that will enable them to reach their full potential in developing rural America.

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

Mr. PICKLE. I yield to the gentleman.

Mr. KAZEN. Mr. Speaker, I am pleased to join today in saluting REA, its member cooperatives across this Nation, the men and women who serve them, and the members who have joined together for mutual benefits. REA is so firmly established in our country that I am sure every member recognizes the initials. But in contemplating this institution and its benefits, I can suggest alternative words for the initials.

In these days when "relevant" is a popular word, we might call REA the "relevant enterprise aggregate." We could say it represents "responsive economic action" or "revived existence assistance." We could reverse the letters to have them stand for "acquired energy renaissance." Any of these terms would be accurate descriptions.

I hope that none of my colleagues have come to take REA for granted. There have been few contributions to the welfare of rural and small-town citizens that can match the spread of electric power. It provides more than lights for homes and barns, more than food freezers and television sets, more than telephones and air conditioning. Electricity provides the aids and the comforts to many rural families that keep them on the farms and ranches, maintaining human resources of our Nation that have been eroded by the outmigrations to urban centers.

If we do not continue to make life in

our farms and rural towns worth living, we shall choke our cities and starve our citizens.

REA has made major contributions to the welfare of all our people. Because I believe in these benefits to everyone, I join in urging that recent limits on the REA loan programs be lifted, that money be provided for the unmet capital needs of these cooperatives. I join other distinguished colleagues in urging that $555 million be appropriated this year for this essential purpose.

Mr. PICKLE. Mr. Speaker, I appreciate the gentleman's remarks. I know he is a great friend of the cooperatives and he serves a vital part of Southwest Texas and has been a great friend of the rural cooperatives.

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

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

Mr. MAYNE. Mr. Speaker, it is a pleasure to join in paying tribute to the Rural Electrification Administration and the 983 rural electric cooperatives of the United States. The cooperative effort of the REA and the REC's has literally allowed millions of rural residents to see the light.

The Rural Electrification Administration was created by an Executive order under authority of the Emergency Relief Appropriation Act of 1935 and then statutory provision for the agency was made in 1936.

By almost any standard, the REA must be considered one of the most successful pieces of farm legislation ever to come out of the Congress.

In the 53-year period from 1882, when the first central generating system went into service, to 1935 when REA was created, only 10.9 percent of all farms in the United States had obtained electric service. Since 1935, REA has greatly stimulated extension of electric service into rural areas. Today, 98.4 percent of the 2.9 million U.S. farms are electrified. REA-financed systems serve slightly more than half of these farms.

In my own State of Iowa, REA loans to rural electric systems provide for service to an estimated 157,760 consumers over 61,202 miles of line. Loans made thus far to the 57 REA electric borrowers in the State total $294,430,304.

The first REA loan in the State was approved in September 1935 with the first REA-financed line energized December 15, 1935 by the Central Iowa Power Co. in Des Moines.

Of the 140,000 farms in the State, 99 percent are receiving electric service, compared with only 32,047 or 14.4 percent when REA was created in 1935.

The list of REA accomplishments is extremely impressive. The following is a list of REA electric program highlights as of January 1, 1971:

REA ELECTRIC PROGRAM HIGHLIGHTS AS OF JANUARY 1, 1971

Total consumers served: 6.4 million (225,000 consumers added calendar 1970).

Total consumers loaned for: 7.0 million (177,818 loaned for calendar 1970).

Total miles of line in operation: 1,675,000 estimated (25,000 added calendar 1970).

Total miles of line loaned for: 1.7 million (21,327 loaned for calendar 1970).

Total loans approved: $7.5 billion ($345.5 million loaned calendar 1970).

Total funds advanced: $6.6 billion ($393.5 million advanced calendar 1970).

Total payments on REA loans: $3.5 billion, $2.0 billion on principal as due; $1.2 billion on interest as due; $325 million ahead of schedule.

Total losses in program to date: $44,478.

Total electric energy input, 1970: 81.8 billion kWh (Up 164% over 1960 input of 31 billion kWh).

Average monthly consumption per residential consumer: 695 kWh (Up 95% over 1960 average of 357 kWh).

Installed generating capacity: 5.1 million kW (Up 183% over 1960 installed capacity of 1.8 million kW).

The 986 active REA-financed electric systems (919 co-ops) have an average density of 3.7 consumers per mile of line. The systems serve in 2,600 of the Nations's 3,100 counties.

Note that while loans totaling $7.5 billion have been approved to date, total losses have been less than $45,000.

About 65 percent of the loans thus far approved by REA have been for electric distribution facilities; 34 percent for generation and transmission facilities; and 1 percent for the financing of farmstead installation of wiring, plumbing, electric equipment, and irrigation facilities. REA makes power supply loans when borrowers are unable to purchase an adequate and dependable supply of power.

Of all the power distributed by REA-financed systems 32 percent is purchased from commercial power companies.

Despite the high percentage of farms electrified, the task of REA is far from complete. The tremendous growth in the use of electricity by rural America has placed a great strain on existing facilities.

In 1970, the average monthly consumption per residential consumer, including farm and nonfarm, was 695 kilowatt-hours compared with 357 kilowatt-hours in 1960. Total power input of REA-financed electric systems in 1970 was almost 81.8 billion kilowatt-hours, compared with 74.1 billion kilowatt-hours the previous year.

To meet the growing electric power demands of rural consumers, annual output is expected to reach 108 billion kilowatt-hours by the year 1975.

Without the services of the REA and REC's, many rural areas would lack electric power entirely while others would find the cost of such power so expensive as to severely limit its usage. One of the primary reasons for this, of course, is the low user density and the large expense involved in running power lines many miles to only a few customers. The REA was created as a public service to supply power to these areas. The availability of electric power in rural areas has also encouraged industrial and economic development.

In addition to allowing millions of rural residents to enjoy the benefits of electricity, the REA has filled a second void by providing funds for rural telephone facilities. In 1949, REA was authorized to make loans for the purpose of improving and extending telephone service in rural areas. Under this authority, provided by Congress in an amendment to the REA Act, REA is empowered to make loans to existing companies and cooperative nonprofit associations.

REA loans have greatly stimulated the improvement and extension of telephone service in rural areas. In 1950, according to U.S. census figures, 38.2 percent of the farms in the United States had telephone service of some kind. A considerable portion of this service was inadequate and of low quality. Improvement and expansion programs were limited because the type of financial assistance required to do the work was not generally available to local telephone systems.

Establishment of the REA telephone loan program made available a needed source of credit and gave fresh hope to people in rural areas for full telephone coverage with high quality service. An estimated 83 percent of the Nation's farms now have telephone service, and about 95 percent of this is dial.

REA loans to telephone borrowers in my own state of Iowa on January 1, 1971, provided for modern telephone service for an estimated 113,437 rural subscribers over 25,255 miles of line.

In 1949, when the REA telephone loan program was authorized, 81.9 percent of all Iowa farms had telephones but much of this was obsolete. Today 96 percent of the State's 140,000 farms have modern telephone service.

The first REA telephone loan in Iowa was approved September 15, 1950, to the Griswold Cooperative Telephone Co. From that time until January 1, 1971, REA had approved $70,412,607 in loans to 57 borrowers in Iowa, including 28 commercial companies and 29 cooperative associations. A total of 258 automatic dial exchanges have been placed in operation to serve rural subscribers.

Under Democratic and Republican administration alike, the Rural Electrification Administration has expanded its services to better serve the needs of rural citizens. In its first 27 months, the Nixon administration has achieved the following impressive record in support of the REA:

Advancement of $1.1 billion for investment by REA borrowers for design and construction of electric and telephone facilities;

More than 800,000 consumers and subscribers added to REA-financed electric and telephone lines;

Over 60,000 jobs created in rural areas through 787 industrial, commercial and community facilities projects launched with the help of REA borrowers;

More than $1 billion in loans to finance new and improved electric and telephone service;

Supplemental financing for telephone borrowers by the creation of the Rural Telephone Bank.

The REC's have done much to modernize rural America and make our farms more productive. As previously stated, however, the task is far from complete. Existing facilities must be continually enlarged and modernized to keep up with the growing demands for power. All of these improvements cost money.

In recent years the requests for loan funds has exceeded congressional appropriations. The new National Rural Utilities Cooperative Finance Corporation and the Rural Telephone Bank will help by providing additional sources

of financing, but we as Members of Congress must not abandon our responsibilities to the REC's and rural America. I am sure my colleagues will want to join me in giving continued support to this valuable program.

Mr. PICKLE. I thank the gentleman from Iowa for his remarks. He has been a great friend of the program.

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

Mr. PICKLE. I yield to the gentleman from Vermont.

Mr. STAFFORD. I thank the gentleman for yielding.

Mr. Speaker, I am very pleased to join with my distinguished colleague, the gentleman from Texas (Mr. PICKLE) in expressing my admiration for the work of the rural electric cooperatives in the United States generally and for those in my own State in particular.

It has been my pleasure to work closely with the electric cooperatives in my State of Vermont. It is traditional in our Vermont way of life that we learn to handle our own problems and help ourselves. This has been the constant objective of the rural electric cooperatives in Vermont. While their annual load growth is equal now to an average figure of 12 percent per year, they have through Sailey Ennis, manager at Washington Electric Cooperative, pioneered the newly established National Rural Utilities Cooperative Finance Corp.

For 2 years manager Ennis served on the long-range study committee of the National Rural Electric Cooperative Association. It was this committee that launched this self-help finance corporation for the rural electric cooperative program. While this new entity is in its infancy, it demonstrates remarkably well that if given the opportunity to establish a firm foundation of funds, as it is doing, it will be the major supplemental financing lending corporation for the rural electric cooperatives in the future.

This is truly a great example in American history of a Government program which at its conception was 100 percent financed by the Federal Government, which, now on its own initiative, has created its own financial institution, thus rising above the common proposition of complete reliance upon the Government ad infinitum.

The problem that faces us today as Congressmen is whether we are going to help this outstanding example of American independence to get the time necessary that it may accept its own mature responsibilities. The programs that most of us here in the Halls of Congress support are based on the hope that the assistance will provide our citizens with a way of life that will enable them to stand on their own accomplishments.

The present rural electrification loan program that has been financed with appropriations by us each year has flowed back into the Treasury so that these funds loaned by us and repaid by the cooperatives have become almost a revolving fund plus the 2-percent interest returned. However, the monetary needs of the program have grown with the increased electric demands of the people so that a backlog of loan applications exists now totaling $210 million dollars. By our approval of a rural electrification administration budget of $555 million, we will be granting the rural electric finance institution the chance to build its capital strength to secure more adequate loan funds on the open market and assume a greater share of the loan needs of the rural electric cooperatives in the Nation.

As an indication of the strength of the new finance institution, Sailey Ennis informs me that his cooperative's loan program for this year will probably consist of 90-percent loan funds from the Rural Electric Administration and 10 percent from the National Rural Utilities Cooperative Finance Corporation.

I ask you my fellow Congressmen to join me in support of an REA budget of $555 million for this fiscal year.

Mr. PICKLE. The gentleman from Vermont is recognized as a leader in this program. I have talked with many people who are interested in moving forward in this field, and they rely on his good judgment and his leadership. I am proud to have him join in these remarks today.

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

Mr. PICKLE. I am happy to yield to the gentleman from Texas.

Mr. PURCELL. Mr. Speaker, a condition which is usually neglected in the United States is the signficantly lower incomes of our citizens who live in our rural areas. According to newly released figures of the Department of Commerce, the average per capita income in 1969 for those living in urban areas was $4,054 and only $2,871 for nonurban residents. In other words, the rural resident makes $1,183 or 41 percent less than the urban resident.

The Department's data further shows that the people living in areas served by rural electric systems have per capita incomes 64 percent below the urban income level and 12 percent below the average nonurban income.

The urban-rural income gap is equally pronounced in my home State of Texas. The average per capita income of the people in areas served by rural electric cooperatives in Texas was 31 percent below the average income for all Texans.

These figures are more meaningful when you realize that when an urban Texas worker takes home $100 per week, the rural worker takes home only $70. Translating this income gap into everyday living, it means far less is available to the rural resident for adequate housing, required medical care, a sufficient diet and a desirable standard of living in general.

One of the most active groups trying to close this gap is the rural electric cooperatives. The rural electric systems are leading the way providing electric service at the lowest possible rates. Since everyone uses electricity, including the extremely poor, everyone benefits from low-cost electric service. The fact that rural electric systems are consumer-owned insures that the consumers receive their electric service at cost.

In many areas, rural electric systems are able to provide electric service at rates well below neighboring commercial power companies despite the fact that the co-ops are serving in areas rejected by the commercial companies as being economically unfeasible.

An adequate, reliable, and low-cost source of electricity is essential for rural development. Rural electric systems have met that challenge so far. They understand the importance of area coverage—even the most remote rural areas must be provided with a dependable source of electricity regardless of the economics involved. And in order for the coverage to be maintained, electricity must be reliably provided in the quantity demanded and when it is required.

Load growth has been important to rural electric systems. As American farmers have relief on greater mechanization to become the most productive in the world, their reliance on electricity has greatly increased. As an increasing number of industries have recognized the merit of locating new and expanding existing facilities in the nonmetropolitan areas, many co-ops have experienced large industrial load growth. As rural families have improved their standard of living through the use of electrical appliances, heating, and cooking equipment, their use and dependence on electricity has expanded.

The farm, home, and industrial demand for electricity has naturally caused growing pains for many of the rural electric systems. In fact, at the present rate of increase in kilowatt-hour sales, the rural electrics will double their sales within 7 years.

Because of the capital-intensive nature of the utility industry, rural electric systems will require large amounts of capital to meet the increased demand. During fiscal year 1972 beginning on July 1, rural electric systems intend to make loan applications to REA amounting to $530 million. Adding to this figure the backlog of loan applications, the total loan need of rural electrics during fiscal 1972 amounts to $804 million. About one-eighth of this amount is needed in Texas alone.

Mr. Speaker, the needed capital must be provided if rural electric systems are to remain a viable influence on rural area development. The rural electric systems are presently dependent on the Rural Electrification Administration as virtually the sole source of their loan funds.

The Nixon administration's request for funds to maintain a $345 million loan program is woefully inadequate to meet the systems needs. The cooperative supplemental financing association, CFC, has very limited lending capabilities during its first year of operation.

Rural electric systems must, therefore, rely on this Congress to appropriate sufficient funds to REA to meet loan requirements. Rural electric systems must look to this Congress for the continued success of their participation in rural development.

Mr. PICKLE. I thank the gentleman for his remarks. I have been in his part of the State and I know what a contribution the REA program has made to that part of the country. I see other

Members on the floor seeking recognition. I will recognize them in a few minutes.

I would like to make one point before I do so, so you will know of the pending letter that is being circulated.

Mr. Speaker, several Members in the other body have signed a joint letter petitioning the Appropriations Committee of that body to appropriate at least $555 million for fiscal 1972 instead of the customary $345 million. I think we have seen today that the $345 million level is absolutely not enough and that there are proven loan needs up to $555 million.

Over 40 Members of the other body have signed this joint letter, and I think that this action is most significant and symbolic of the spirit that prevails the Congress today to do something about more adequately funding the rural cooperatives.

The gentleman from Montana and I also prepared a similar letter asking for funding to this $555 million level. I invite all Members who are interested in the rural electric program to sign this letter which we also may present to the House Appropriations Committee. If this amount is given, Mr. Speaker, or as much as it is possible to give, it should be spent by the REA in actual cash advances to meet the critical need that exists. And, Mr. Speaker, neither rain nor sleet nor snow nor any other appointed thing, particularly OMB, ought to intervene or otherwise delay these funds from going to the rural electric cooperatives. I am convinced that the Congress will improve the plight of the rural electric coops, and I think we have every reason to expect and believe that we will have the cooperation of the administration.

Surely all of us on both sides of the aisle share this mutual sense of pride in our cooperatives and wish to give them all the help possible.

I would want to make it plain that this request for additional appropriations is not made on any partisan basis. It is made to fill the needs of the electric cooperatives.

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

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

Mr. ABBITT. Mr. Speaker, I desire at this time to join in the effort of the gentleman from Texas to point out to the Members of this body and the other body, for that matter, the great part which the REA has played in the development of rural America. They have done a great job, and they still have a great job to do. I know it is something that is greatly needed.

I join our colleague in asking our proper and appropriate committee to make available the necessary funds that will enable the REA to grow. I again wish to thank my colleague for the leadership he has demonstrated.

Mr. Speaker, I rise to associate myself with the remarks being made here today in support of the fine record of accomplishment of the rural electric cooperatives throughout the Nation.

I am a long-time supporter of the programs administered by the Rural Electrification Administration and continue to manifest great interest in the work being done in this field. REA is one of the agencies, created in the depression, which has made tremendous strides in dealing with the problems for which it was originally established. In its early years, the program brought new life to the vast rural areas of America by providing the electric power and telephone service which could not have been obtained elsewhere.

Millions of people all over rural America were able to live more productive lives and enjoy more fruits of our economy because of the electric power made possible under this program. As our productive capacity brought forth more modern conveniences, these appliances were made available to people who lived in the country as well as those who lived in the city. This in turn meant more sales of these items on a national basis. Thus, it can be said, through the instrumentality of REA, many other aspects of our national economy have been helped.

Contrary to the ideas of some, the work which REA set out to do has not been completed. There are still areas in America which need electricity and telephone service and other areas where existing service needs continuing attention.

REA continues to need more funds than the budget has designated for the agency. The $15 million which the President released on May 13, while helpful, still is a long way from meeting the needs. One of the problems faced by REA is the fact that since 1965 its appropriations have remained relatively stable in a time when the cost of living has been steadily rising. Thus, in effect, the dollar value available to the agency has been reduced.

As of March 31, REA had loan applications on hand from distribution borrowers in the amount of $69.3 million and from power-type borrowers in the amount of $253.8 million. This is an indication of the continued confidence in this program and the obvious appeal which it has in our rural areas. Nearly 1,000 REA-financed rural electric systems are now operating in 46 States.

Congress has consistently indicated its strong support of this program and I hope that strong endorsement will be forthcoming this year in recognition of the need of keeping this program properly and adequately funded.

In my opinion, no program under Federal auspices has made a larger contribution to the growth of the well-being of the people in the rural areas of this Nation and much of the economic strength of America is still in the areas which these co-ops serve. Or hope that is the Appropriation Committee of the House will provide $555 million to REA for the coming fiscal year.

Mr. PICKLE. I thank the gentleman for his remarks. I am pleased to have him participate in this special order.

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

Mr. PICKLE. I yield to the gentleman from Indiana.

Mr. DENNIS. I thank the gentleman for yielding.

I would like to associate myself with the gentleman in the well, and with my other colleagues here, in paying tribute to the Rural Electrification Administration, and to the local membership co-ops throughout the country, and particularly in my own State of Indiana, for a fine record of service to the rural people and to the rural areas of America.

There is no doubt that these organizations have been responsible for bringing electricity, with all its benefits, to rural areas which would not, otherwise, have enjoyed this essential of progress and modernization for many years.

This is one effort on the part of the Congress to help the American people to better their own lot which, unlike so many governmental efforts, has proved eminently successful in practice.

On the basis of this record, I congratulate the REA and its membership cooperatives on a fine record of service to our rural economy.

At the same time, I associate myself, likewise, with the cautionary budgetary views which are held by Mr. MAHON, the distinguished chairman of the Committee on Appropriations, and, if I know my rural and farmer friends, definitely including those who are active in our rural electric cooperatives, there are no citizens of this country who are more sincerely interested, on behalf of America, in exercising a reasonable degree of budgetary restraint.

Mr. PICKLE. I thank the gentleman from Indiana. I know the folks back home in Indiana also join with me in expressing appreciation for his remarks.

Mr. THOMSON of Wisconsin. Mr. Speaker, will the gentleman yield?

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

Mr. THOMSON of Wisconsin. Mr. Speaker, I thank the gentleman for yielding to me. I want to join the gentleman from Texas (Mr. PICKLE) in this special order, and to call to the attention of this body and the country at large the massive needs of the rural electric co-ops in this present day of rising prices.

We are especially concerned in western Wisconsin—and I represent a district that is uniquely rural—about the health of the REA program. We have been interested in it for 35 years. My home community of Richland Center, through its municipal powerplant, provided the energy to energize the first rural electric co-op in the State of Wisconsin, and our interest has been continuing since that time.

I have introduced a bill, which I hope will receive the attention of the appropriate committee, which will enable REA's to meet their environmental problems, which are adding to the burdens of the needs of these cooperatives at the present time.

Mr. Speaker, I am pleased to join several of my colleagues in drawing the attention of this body to the Rural Electrification Administration and its nationwide program of bringing a cheap adequate supply of electric power to rural America.

The achievements of REA are self-evident to those familiar with the rural areas of this Nation. In my lifetime alone, I have literally seen the countryside

transformed from darkness to light. It has been a process truly remarkable in scope and speed.

The significance of this development is almost as significant as electricity itself. Indeed, without REA a large portion of the United States would not have shared the benefits of electric power. For rural residents, Edison's work and that of others would have had little importance if there were no means of use.

While it is no doubt pleasant to dwell on these accomplishments and cite pertinent statistical data ad infinitum, REA as other organizations and government programs must adjust and adapt to meet the needs of a new time. REA must keep in step with the latest developments both social and technological. It is, therefore, appropriate to briefly focus on the future and its mandate.

We are all acutely aware of the environment and the responsibility we bear for conserving it; at the same time we recognize the need for an increased supply of electric power in rural America. It was with these two facts in mind that I recently introduced H.R. 8449.

My bill intends to assist local REA co-ops in meeting their public responsibilities by creating a separate loan fund to be used solely for environmental projects. Presently I would conceive these projects to be primarily emission reduction and underground of transmission lines; however, as antipollution technology develops others will undoubtedly arise.

Appropriations for the REA loan fund have remained at about $345 million annually over the past several years. This has occurred in spite of rising costs, needed expansion, and added expense due to environmental concerns. The situation has developed to a point where there are now applications for more than twice as much money as available.

H.R. 8449 would also approach this problem in providing additional funds for environmental projects. Applications involving ecological concerns would be filled by the new fund, thereby reducing the demand for existing appropriations. Thus the net effect would be more REA funds and enhancement of the environment.

In looking toward the future of rural electrification, it is important not just to cite developments at home but those abroad as well.

Mr. Speaker, at this time I would like to insert into the RECORD background material pertaining to H.R. 8449 drafted by the Rural Electrification Administration per my request. I would also like to include information obtained from the National Rural Electric Cooperative Association regarding some of their activities in other lands.

RURAL ELECTRIFICATION ADMINISTRATION,
Washington, D.C., June 4, 1971.

HON. VERNON W. THOMSON,
House of Representatives,
Washington, D.C.

DEAR MR. THOMSON: This is in response to the request from your office for information on the amount of electric loans which have been made recently for environmental purposes. Our records do not include a breakdown of loans for such purposes, but we are pleased to supply estimates and information on this subject.

Electric generating plants are most directly involved in the area of environmental protection. During calendar year 1970, REA made loans to four borrowers in the amount of $6,088,100, and agreed to the transfer of $1,000,000 from previous loans for another borrower, making a total of $7,088,100, all for equipment to reduce the mission of particulates. For generating plants, however, this is just a beginning. More stringent requirements for both air quality and water quality are being developed. As new standards are put into effect, we anticipate substantial costs for equipment to remove sulphur and nitrogen gasses, as well as particulates, and for changes in cooling systems to reduce the heating of natural bodies of water.

It has been estimated that REA borrowers placed about 4,000 miles of distribution line underground during calendar year 1970. The cost varies widely, but we estimate that the total, not including transformers and services, would be in the vicinity of $12,000,000. A considerable portion of this construction, however, was in some of the North Central States, and the choice of underground construction was made primarily for the purpose of improving service reliability and reducing maintenance costs. Soil conditions in these areas are often favorable for undergrounding. Recent reports indicate the cost of this undergrounding to range from about the same to up to about ten percent more than for overhead construction. In other areas, undergrounding of some new lines has been done for environmental purposes under direction of State authorities, or by special arrangements with housing contractors. In these cases there is usually a provision for additional compensation in money or in donated labor, with the result that there is little additional cost to the power supplier.

If the time should come when it would be necessary to remove overhead lines which were otherwise satisfactory and replace them with underground lines for environmental purposes only, the cost would be very great. To the best of our knowledge, this has not as yet been required.

The design and routing of transmission lines will undoubtedly be influenced by environmental factors, and costs will be increased. However, this applies mostly to the future rather than to the past, and we do not have a basis for estimating the increase in construction costs than are probable.

We appreciate your interest in this subject and in the REA program. If we can be of further assistance, please let us know.

Sincerely,

E. C. WEITZELL,
Acting Administrator.

THE ROLE OF OUR COOPERATIVE RURAL ELECTRIC SYSTEMS IN THE FOREIGN AID PROGRAM

During the past 8 years, the National Rural Electric Cooperative Association has provided technical assistance through the Agency for International Development in an important, tangible phase of the U.S. foreign aid program—cooperative rural electrification. In most developing countries, from two-thirds to three-fourths of the population is dependent upon agriculture for a meager livelihood. A similar portion of the countries' gross national product and export commodities come from the land. Yet, in the past most investment in electric power facilities has been channeled into urban centers, by-passing and neglecting the important rural sector. The rural electric co-ops believe, as do many international leaders, that cooperative rural electrification can bring modern technology into the lives of the people most effectively and, therefore, be a major key to successful foreign aid.

Much U.S. aid has done little to improve relations between this country and recipient countries. Too often aid has been unidentifiable as it flowed into the economy of the developing nation.

In contrast, a cooperative rural electric system is a tangible and identifiable foreign aid project. Foreign officials know it is a U.S. project, and, more important, the local people know it. They can see it and feel its benefits They know it is America's way of helping them help themselves.

NRECA's activity in foreign aid is tied to the 1961 Foreign Assistance Act, which established AID and declared the policy of the U.S. was "to encourage the development of cooperatives, credit unions and savings and loan associations . . ."

Delegates at the NRECA Annual Meeting in March 1962 adopted a formal resolution offering the Federal Government the services of the Association in the U.S. international development program.

On November 1, 1962, NRECA signed a contract with AID. It called on NRECA and its nearly 1,000 member systems to provide technical assistance to establish or expand rural electric programs in developing nations. The contract also provided training programs for cooperative leaders in developing nations.

Since the NRECA/AID contract was signed, over 100 U.S. rural electric specialists representing 65 cooperatives in 30 states have worked in 29 developing nations, including Vietnam. Twenty-four of these men—mostly managers, engineers and other key staff people—have returned for a second or third assignment.

These shirt-sleeve ambassadors have gained the confidence and support of local villagers, as well as the officials with whom they have worked. They bring to the developing nations a practical, down-to-earth expertise that cannot be found in people who have not worked in the U.S. rural electrification program.

What have these men accomplished? The six pilot electric cooperatives in Costa Rica, Ecuador and Nicaragua have provided power for several years, and construction to further expand service is substantially complete. These cooperatives eventually will provide electricity to 350,000 people.

Development is continuing on 32 projects in Brazil, Chile, Colombia, Peru and Vietnam. All of these systems are providing power at this time. These cooperatives will eventually serve 750,000 people.

The initial success of NRECA pilot projects in several developing nations has given rural electrification a high priority there. For example:

In Venezuela the Government is financing from its own resources an electric cooperative planned by NRECA specialists. In Nicaragua one successful pilot project has prompted the Government to organize three more which will serve one-fourth of the country's rural people. In Costa Rica the Government is studying other potential cooperative areas. In Argentina the Inter-American Development Bank made a $15 million loan to help improve and enlarge existing cooperatives. A large loan to Brazil is pending.

NRECA helped India establish five pilot projects and more will follow. The five systems will be financed with PL–480 rupees and will serve approximately 85,000 families and 18,000 irrigation pumps. As in other areas of the world, the introduction of electric power in India rural areas will significantly increase agricultural productivity and improve living standards.

Each year since 1963 NRECA has co-sponsored a 15-week training course for rural electric leaders from the developing nations. Over 100 people from 19 countries have attended the course, "Organization and Operation of Rural Electric Cooperatives." Twenty-three participants will take the course this summer.

The NRECA foreign assistance program has been endorsed by many U.S. Government officials, including Senator Karl Mundt of South Dakota and Senator Milton Young of North Dakota. Senator Mundt said, "I know from first-hand experience what rural electric cooperatives are doing in Latin America. Technical assistance like this provides real opportunities for self-help and is the kind of foreign aid I favor." Senator Young said, ". . . programs such as this are tremendously important if we are going to win over the rural people of all of these underdeveloped countries. This is where we made our biggest mistake in many countries in not placing enough emphasis on assistance to rural people. In countries such as South Vietnam, for example, they are the dominant force."

People-to-people assistance exemplified by our cooperatives is a pragmatic approach to foreign aid which touches those who are seeking a better life. At Santo Domingo de los Colorados, Ecuador, the site of the first electric system organized under the NRECA/AID agreement, the cooperative manager put it this way: "The town seems to have taken on new life. There are new businesses, new industry, more jobs for more people. No longer are our young people leaving the area."

Technical assistance programs like the NRECA/AID projects must be continued and strengthened. For, in addition to the accepted benefits of light and power, cooperatives bring dignity to the individual as he participates in democratic processes which improve his family's opportunity and bring stability to his community and country.

(Mr. THOMSON of Wisconsin asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. PICKLE. Mr. Speaker, the gentleman from Wisconsin does bring up a problem which is relatively new in this area. It is timely and should be pursued. I am pleased he brought it to our attention. I believe it will be given the attention it deserves in the immediate months ahead and in the years ahead.

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

Mr. PICKLE. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I thank the gentleman for yielding and I commend him for what he is doing.

Mr. Speaker, I commend the gentleman from Texas, the Honorable JAKE PICKLE, and the gentleman from Montana, the Honorable JOHN MELCHER, on taking the time today to present the case for better funding of our fine rural electrification program.

There is no question about the urgency of the need, nor is there any question about the national and regional benefits which have accrued from rural electrification. All America has benefited from this great program, and it is imperative that adequate funding be provided for the future. I have been doing all I can to support that level of funding in the Appropriations Committee.

In Oklahoma, rural electrification has done more to improve the way of life of our rural people than any other program and I am certain I speak for all members of the Oklahoma congressional delegation in urging the effective continuation of this program in the future . . . and the funds required to assure that continuation.

Mr. PICKLE. Mr. Speaker, if I may I should like to make an additional point and then I will yield to other Members. I am pleased so many are present to participate in this special order. I want to mention a subject I believe ought to be touched upon.

I want to talk about cash advances. The central question here is not alone how much is allocated for loans each year, but how much hard cash is advanced on these loans.

When the REA makes loans, all of the loan amount is—of course—not given out at one time. The co-op requisitions for cash as it needs to.

Inquiries and reports which have come to me, however, charge that the REA is honoring such requisitions only at a rate related to the amount which is returning to the Treasury from previous loans.

There are many semantic games one can play with this situation—but the actual result is to operate the loan fund as though it were a revolving fund—with little or no new money going into the system.

I brought this point up in an earlier speech, and in repeated inquiries to the REA Administrator, Mr. Hamil, a fine gentleman and a fine administrator. Mr. Hamil responds that they hope to advance $400 million in cash in fiscal 1972—$400 million compared to the $229 million they expect to receive in principal and interest payments, for fiscal 1971. The REA had advanced $293,981,043 as of April 1. They may have advanced more, but we have not been advised of it.

The $400 million for fiscal 1972 is most welcome news—most welcome—but I say again, that that figure does not answer my question. The crucial question is the ratio between those incoming and outgoing funds. Who sets that ratio and by what criteria?

And, a question of even greater importance than the ratio between incoming and outgoing funds—how much is needed in cash advances for fiscal 1972? Does this $400 million, welcome though it be, come anywhere near what our co-ops need? I cannot find anyone who knows—yet I know someone must be keeping tabs. And I think the Congress ought to know just how much our co-ops need in cash advances this year and in the coming years.

REA says as of January 1, 1971, there had been a total of $7.5 billion in loans approved and $6.6 billion in funds advanced.

When REA says that in fiscal 1972, they expect to advance the largest amount ever advanced in the program—$400 million that sounds good, but I wonder if it is enough.

This is the old trail we started out on—the key question being the ratio between incoming and outgoing funds, and how this is determined.

Nor does REA's answer of $400 million tell us how much is needed to do the job in fiscal 1972. That is the crucial figure that is also the figure that none of us have been able to get.

Mr. Speaker, I would like at this time to insert a table which gives the level of cash advances for past years.

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

There was no objection.

TABLE 1.—RURAL ELECTRIFICATION LOAN FUNDS

Fiscal year	NRECA recommendation (millions)	Administration budget request (millions)	Appropriations (millions)			Total authorization used (millions)	Loans approved	Loan applications on hand July 1 (millions)	Loan funds advanced (millions)	Unadvanced loan balance (millions)
			Loan authorization	Contingency or reserve	Contingency or reserve used					
1935–36			$13.92			$13.92	$13,903,412		$0.828	$13.1
1937			46.50			46.50	40,032,805		11.0	47.1
1938			30.00			30.00	29,236,219		48.2	28.1
1939			140.00			140.00	139,064,513		62.3	104.9
1940		$40.0	40.00			40.00	44,880,216		98.9	47.7
1941		100.0	100.00			100.00	101,710,165		75.1	72.6
1942		40.0	100.00			100.00	91,282,300		58.2	105.6
1943		10.0	10.00			10.00	8,225,380		14.5	97.0
1944		30.0	20.00			20.00	34,002,078		18.5	111.7
1945	$60.0	20.0	25.00			25.00	26,343,238		39.7	97.0
1946		340.0	300.00			300.00	290,913,869		87.3	299.7
1947	350.0	250.0	250.00			250.00	256,389,000		190.1	363.2
1948	390.0	425.0	400.00			400.00	319,110,000		246.2	430.2
1949	430.0	300.0	400.00			400.00	449,317,700		321.3	558.3
1950	450.0	350.0	350.00	$150.0	$120.00	470.00	376,199,000		286.7	646.7
1951	400.0	400.0	[1] 264.00	39.2		264.50	221,815,500		261.1	600.5
1952	220.0	100.0	[1] 100.00	75.0		100.00	165,758,731		227.6	538.1
1953	(50+50) 100.0	(50+50) 100.0	[1] 50.00	50.0		50.00	164,972,662		207.6	467.6
1954	294.0	[3] (95+60) 155.0	[1] 135.00	45.0	38.00	173.00	167,104,000	$193.0	181.5	442.2
1955	211.0	(55+35) 90.0	[1] 135.00	35.0	35.00	170.00	167,530,430	117.6	156.7	449.0
1956	169.5	(160+35) 195.0	[1] 160.00	100.0		160.00	189,804,800	97.1	154.7	483.8
1957	214.0	(345.3+25) 370.3	[2] 414.00	25.0	25.00	414.00	300,461,514	89.7	186.0	595.2
1958	179.0	(20) 179.0	[2] 179.00	20.0		159.00	241,636,869	154.6	205.3	626.6

See footnotes at end of table.

TABLE 1.—RURAL ELECTRIFICATION LOAN FUNDS—Continued

Fiscal year	NRECA recommendation (millions)	Appropriations (millions): Administration budget request (millions)	Appropriations (millions): Loan authorization	Appropriations (millions): Contingency or reserve	Contingency or reserve used	Total authorization used (millions)	Loans approved	Loan applications on hand July 1 (millions)	Loan funds advanced (millions)	Unadvanced loan balance (millions)
1959	$359.0	$150.0	[2] 317.00	$25.0	----------	$317.00	$177,292,100	$123.3	$211.7	$584.1
1960	136+25.0	(136+25)161.0	[1] 136.00	25.0	----------	136.00	220,108,000	158.8	222.6	572.4
1961	110+60	110.0	[1] 110.00	60.00	60.00	170.00	274,507,218	212.4	183.4	660.5
1962	220+60	[4] 195.0	[1] 175.00	70.0	70.00	245.00	261,374,500	108.3	195.8	720.6
1963	345+55	[3] 400.0	[3] 400.00	[6] 100.00	25.00	325.00	341,021,500	209.0	245.8	814.3
1964	350+75	(75)425.0	[3] 425.00	150.0	----------	275.00	261,459,000	194.4	246.0	829.0
1965	370+67	[1] (65)365.0	[3] 365.00	90.0	90.00	365.00	379,993,000	227.6	299.8	879.9
1966	475	(65)350.0	[3] 365.00	60.0	51.53	356.53	311,768,000	209.2	278.8	911.8
1967	612	220.0	[3] 375.00	30.0	----------	345.00	352,428,000	225.6	308.7	953.7
1968	314	(150)314.0	314.00	----------	----------	314.00	349,998,000	103.4	395.0	908.6
1969	[8]	304.0	329.00	----------	----------	329.00	344,836,000	256.5	359.1	892.1
1970 [9]	600	320.0	345.00	23.2	----------	345.00	----------	424.3	----------	----------
1971 [9]	750	345.0	346.00	16.0	14.00	360.00	----------	----------	----------	----------
1972	804	345.0	----------	----------	----------	----------	----------	----------	----------	----------
Cumulative totals						7,718.45	6,985,363,485	----------	6,093.2	----------

[1] Plus.
[2] Inclusive.
[3] Original budget estimate was $195,000,000 (135 plus 60).
[4] Original budget estimate was $145,000,000 (115 plus 30).
[5] Original budget estimate was $345,000,000.
[6] $100,000,000 reserve available for both rural electrification and rural telephone.
[7] $65,000,000 reserve for both electric and telephone loans.
[8] NRECA did not recommend a specific amount.
[9] Preliminary.

Note: Plus indicates part of recommendation or request as contingency.

Mr. PICKLE. Now, Mr. Speaker, I yield to the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Speaker, I thank my colleague from Texas for yielding and I commend him for stimulating interest in one of the vital problems confronting rural America and, for that matter, all of America.

I joined in the congressional action creating the REA back in the 1930's. I think the REA has done an unbelievably, an incredibly good job for rural America, and this has greatly benefited the entire Nation. The story of REA is a dramatic story of progress.

I have helped, as others have, to nourish the REA along through the years. However, it has not been just what the Congress has done but what the people in these cooperatives and rural areas have done. They have measured up. They have done a wonderful job.

One thing about REA co-ops, as far as loans are concerned, is that the record of repayments to the Government has been excellent.

I think everybody must take into consideration the disastrous fiscal situation which confronts the United States of America at this time. I was checking on some figures in the Appropriations Committee rooms a few moments ago. The gross Federal debt, in the decade of the sixties, increased by an additional sum of about $114 billion. The Federal debt is now at about $400 billion and going much higher. We have to pay interest on the debt equivalent to about $21 billion per annum.

And, there is a need for us to do a better job—and I am speaking broadly now and only with incidental reference to the REA—but there is a need, if the people in rural America and industrial America are to do well, for the Nation to do a better job of financing and paying our way than we have been doing during the last decade or so and during this decade so far.

Let me make a statement that is shocking, at least to me. In the fiscal year 1970, the gross Federal debt increased by $15.5 billion. In the current fiscal year 1971, which is about to close, the gross Federal debt is probably going up by about $27 billion. As you know, we raised the debt limit recently to $430 billion. I would expect an increase in the gross Federal debt for fiscal year 1972, which begins next month, ranging up to perhaps $35 billion. This would add up to a 3-year increase of about $77 billion.

Mr. Speaker, if America collapses on the fiscal shoals, if everyone goes down—labor, management—the REA, and all of our industrial institutions likewise go down.

Now, I think it would certainly be important to those of us in the House today to recognize that one of the purposes of the REA is to make this country stronger economically. The REA has made a tremendous contribution in that direction.

I recognize that implicit in the discussion here today is an effort to enlighten the Members as to the facts and to stimulate interest in obtaining funds above the President's budget.

I have joined here through the years in making appropriations, and making some appropriations above the President's budget in support of the REA. I must say I think we are going to have to nudge the appropriation total in the forthcoming appropriation bill for agriculture. And action is scheduled on the measure in late June. I think we will have to nudge the estimate upward for the appropriation, from the figure that is in the budget, to a higher level.

Mr. PICKLE. May I say to the distinguished chairman of the Committee on Appropriations that I appreciate his statement that we need and expect some relief in the coming immediate months. He is such a gentleman and he uses such cautionary words that it is difficult to take issue with the gentleman. But I hope your choice of words when you say "nudge" could be more appropriately described as "shoved." We need more than a "nudge," Mr. Chairman. We need a "shove."

Mr. MAHON. Mr. Speaker, if the gentleman will yield further, there are those who say we need to make a quantum jump in the REA budget. I would say were it possible under the present circumstances and in view of the overall interest of the Nation, a quantum jump would be desirable. I do think we can make a substantial increase above the budget, but I think we all recognize that there are limitations in Federal programs.

Mr. PICKLE. I would say to the gentleman that those of us who asked for this special order today are mindful that some restraints are necessary. We are not asking for that which cannot be handled properly.

I would remind the gentleman from Texas that, at a time when we often make big appropriations that are direct grants, here is a program, (REA) though it is a preferential loan program, that does pay the money back into the Treasury.

Mr. MAHON. The gentleman is correct.

Mr. PICKLE. We are not asking for the impossible, but we do feel that the figure should be increased and we hope your committee will give us such consideration.

Mr. MAHON. We, of course, cannot go at this time to the $800 million figure.

Mr. PICKLE. It was not the gentleman's intention in the well to ask for that sum, but to ask for a sum in terms of approximately $555 million, compared to the $345 million that has been requested in the budget and which has been the level for the past 5 or 6 years.

Mr. MAHON. I thank my friend for his sponsorship of this discussion today.

Mr. PICKLE. I am delighted to have had the chairman participate, and this is an interesting contribution that he has made to our problem. I am particularly pleased that he would come here and make these comments.

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

Mr. PICKLE. I yield to the gentleman from Pennsylvania (Mr. SAYLOR), with some trepidation—but I do yield to the gentleman.

Mr. SAYLOR. Mr. Speaker, I thank my distinguished colleague, the gentleman from Texas, for yielding to me, and I am delighted to note that he has taken this time to bring this matter to the attention of the Members of the House of Representatives. I am also delighted that this discussion has drawn the attention of some of the Members of the House of Representatives who represent

in their areas large segments of rural electric co-ops. I have a number of them in my district, and they have done, as has been observed, a remarkable job.

But I wonder whether or not the gentleman in the well might not take back to those whom he seeks to sponsor the idea that maybe they should look at what Congress did to TVA when TVA found itself in substantially the same financial bind that the rural electric cooperatives are finding themselves in now. They came to the Congress and asked to be taken out from under the Government's supervision in the sense that they depended entirely upon the Congress for their appropriations, and be allowed to go out into the money market on their own. And this has solved their problem, and has solved one of the problems which the distinguished chairman of the Committee on Appropriations (Mr. MAHON) talked about. It is probable that in 1972 we might not be able to do it, but certainly this should be an item that should be in the thinking and the planning of those who have been charged with the rural electric cooperatives. I would ask the gentleman in the well whether those whom he sponsors have gotten to this approach?

Mr. PICKLE. As the gentleman knows, this approach is being explored to seek different sums of appropriations other than the direct congressional approach. The gentleman knows that the CFC has been created—the Cooperative Finance Corporation.

I think perhaps at this point, Mr. Speaker, I would like to insert a discussion of the CFC.

It is well underway, but it will take some 5 to 10 years for the funds to build up to a level that can really be of help to the co-ops. Only some $49.5 million now is in the fund, but it is growing. Until that time comes we have got to find some way to bridge the gap between now and the next 4 or 5 years so that our cooperatives will not go under. I am hoping that the CFC will continue to grow and prosper. If it does not do so, then we must look for other alternatives, but I believe it may be one answer.

Mr. SAYLOR. The steps that have been taken, such as the cooperative bank, are excellent. I think they will help as far as the telephone companies are concerned, which are the ones who really established the idea. But would the gentleman not consider, for instance, asking the cooperatives, rather than the Congress to go out and raise whatever money they could?

Mr. PICKLE. I do not know the answer to that. I think it ought to be explored. Perhaps it is one possibility. However, I do not think it is an immediate possibility. But I would like to have the gentleman contribute his thoughts along these lines, and I would like to explore them myself.

Mr. SAYLOR. I might say to my colleague that from the remarks that I have heard from representatives of various cooperatives that they are ready to do it now if they only had the authority. While it is true, as the gentleman has indicated, that this is a drastic change, and that it has not yet been approved, certainly we would hope that, as a means of solving this immediate financial problem, the idea should be explored to its utmost.

Mr. Speaker, I thank my colleague, the gentleman from Texas, for yielding.

Mr. PICKLE. Mr. Speaker, I am delighted to have the gentleman from Pennsylvania make these contributions.

The SPEAKER pro tempore. Did the gentleman from Texas ask unanimous consent to insert certain material at this point?

Mr. PICKLE. Yes, Mr. Speaker, I have additional information to insert in connection with the CFC and ask unanimous consent to include it in the RECORD at this point.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. PICKLE. Mr. Speaker, the matter referred to is as follows:

THE CFC

I have always regretted that the REA bank bill of three years ago never saw the light of day. I can well remember the objections to the bill—some of which were well taken—but time has proven that the failure of this bill was a mistake which has hindered the growth of our system of co-ops. I think our NRECA organization must shoulder much of this failure. But the disagreements pale into insignificance today.

Here again, however, the determined spirit of our nation's cooperatives shines through. They did not bobble or lose step when the bank bill failed. Still faced with the critical lack of loan funds, they went to work and created the National Rural Utilities Cooperative Finance Corporation—or the CFC.

It is evidence that the co-ops intend to keep on paying their way. I commend them for that effort.

But the CFC cannot do it alone. This year they were able to make their first loans. And in 15 years they hope to be making loans totaling 1.4 billion dollars. But may I remind this body that studies estimate in that same fifteen years the co-ops will need to be investing well over $8 billion to keep up with demands for their service. That other $5.6 billion has to come from somewhere else—and we must not forget this.

Part of the answer may be to look for ways to speed up the capitalization of CFC. Part of the answer will certainly be to take a hard look at our REA appropriations. The REA job is far from done.

It may be well, Mr. Speaker, to insert here a few figures on the CFC—what it is, how it operates, and what it is doing now:

CFC: The National Rural Utilities Cooperative Finance Corporation:

Incorporated April, 1969, the CFC, is a non-profit cooperative organization organized by 821 rural electric organizations, 776 of which are REA borrowers. 781 rural electric systems have subscribed to 50-year capital term certificates payable over a three-year period to initiate a $117 million starting capital fund. In February 1971, $49.5 million had been paid into the capital fund and the first two loans were made. The loans totaled $139,000.

The membership of the CFC is composed of co-ops or non-profit public corporations, utility districts, and the like, which are eligible to receive REA loans and engage in furnishing utility service to their members or patrons.

Capitalization comes from four principal sources: (1) membership fees, (2) Capital term certificates with a maturity of 50 years and an interest rate of 3%. Systems borrowing from CFC are required to invest 5% of the total loan amount in capital term certificates, (3) operating income, from mortgages used as a basis for security in the market. The CFC anticipates using market earnings to make loans totaling several times that paid in in capital, (4) long and short-term senior debt obligations offered to the public.

There are four types of loans: (1) unsecured short-term loans with a maximum period of 18 months and a limit of $1 million on a single loan. Interest rates are based upon prime rates being charged by commercial banks. (2) CFC–REA concurrent loans, conditioned upon REA approval, usually for 35 years. Loans are to be made on a 10%–CFC/90%–REA ratio for the first six months. The ratio will be revised every six months and the CFC proportion will increase as resouces permit. CFC and REA will share a common mortgage on the borrower's property. CFC loans will carry a higher interest than REA funds. (3) 100% CFC loans. (4) Power supply loans, which, due to the large amounts of money required by G & T borrowers, are handled separately on an individual basis.

Following is a chart showing a 15-year projection of CFC loans.

CFC—15-YEAR PROJECTION OF LOANS (CUMULATIVE)

Year of operation:	Loans (millions)
1	$39.5
2	92.3
3	158.2
4	240.6
5	339.5
6	454.9
7	586.8
8	738.5
9	910.0
10	1,101.3
11	1,315.7
12	1,553.1
13	1,813.6
14	2,097.2
15	2,407.2

Unless appropriations are raised to a sufficient level; unless the CFC gets more than just "seed" money; unless the whole financial picture improves to meet our needs—then we may be forced to look backward—back to the REA bank bill.

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

Mr. PICKLE. I yield to the gentleman.

Mr. MICHEL. Mr. Speaker, I have asked the gentleman to yield only for a moment because, if I understood the gentleman correctly, he said that in the CFC there was only something like $37 million subscribed

My latest information is that 772 REA cooperatives did pledge $117 million up to this point. So I think that this has progressed considerably well.

I would hope, if the table is inserted in the RECORD that it is with up-to-date figures and not outdated.

Mr. PICKLE. The gentleman is correct that $117 million has been pledged to the CFC loan fund at this time.

I have, I hope, full information on the CFC showing that it was incorporated in April 1969 as a nonprofit cooperative organization organized by 821 rural electric organizations, 776 of which are REA borrowers; 781 rural electric systems have subscribed to 50-year capital term certificates payable over a 3-year period to initiate a $117 million starting capital fund. However, to date $49.5 million has been actually paid into the CFC loan fund, and that is the figure which I cited earlier and to which I believe the gentleman is referring.

Mr. Speaker, I thank my colleague, the gentleman from Illinois, for his contribution.

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

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

Mr. NELSEN. Mr. Speaker, I want to thank my colleague, the gentleman from Texas (Mr. PICKLE) for taking this time. I want to make a few observations, first to the gentleman from Texas (Mr. MAHON). I want to congratulate the gentleman on his concern about the fiscal policy of the country.

I think we all should have in mind that whatever we do, it must be based on sound fiscal policy that is enduring no matter whether it is the REA or agriculture or whatever.

Mr. Speaker, I want to point out that the effort here today should highlight the need in the REA program.

For example, the telephone finance plan. If we move in a different direction and if we cut off the funds, we must provide an alternative way to go. So the telephone bank was set up. We need to have a similar plan for the REA.

The individual cooperatives could not do what has been suggested here today because they cannot give the collateral for loans because the Government holds the mortgage and something must be done.

I would like to point out that $804 million have been requested, and $555 million would be $249 million short, if we were to assume that the $804 million figure has any credence or sound background information to peg that figure.

But, I would like to point out that the present backlog in distribution is $121 million.

The present backlog from power is $201 million for power borrowers.

I would like to point out the level of the years:

For the year 1964—$350 million.
For the year 1965—$300 million.
For the year 1966—$300 million.
For the year 1967—$270 million.
For the year 1968—$390 million.
For the year 1969—$345 million.
For the year 1970—$345 million.
For the year 1971—$345 million.

Mr. Speaker, I would like to see the borrowers now in the generating field attempt to finance from the private market. But, may I say, this program is one of the greatest programs that has ever been enacted by the Congress of the United States, going back to 1935 and 1936 and has done more to stimulate the total economy of the country than anything I know of.

I was the administrator of the program for a while—and I am a farmer—I use electricity on my farm to the tune of $100 a month or better and sometimes as high as $125 a month for my electric power bill, which is the cheapest help we have.

Mr. Speaker, this program is important to the country.

I think there should be more emphasis here today not just alone on the dollar figure, but there should be more emphasis on setting up an alternative route that we can go because, certainly, you cannot expect $800 million at 2 percent interest, with the cost of money where it is.

I think we need the 2 percent but we also need an alternative way to go, where those of us who have cooperatives and are financially able—we can go to our bank and perhaps pay for the cost of the money. But as to those in a depressed area certainly no one quarrels with a low interest rate.

I think my colleague, the gentleman from Texas, would agree with everything I have said, and I find that in this Congress of the United States the REA program has the good wishes of everyone of us. I hope we can find that alternative plan as we have in the telephone program.

I would like to suggest this. We hear so much talk nowadays about Government guarantee of loans. I do not know why this bank, which now has maybe $100 million—why we could not figure out some kind of program where the Government would guarantee the money that goes into this bank so that we might quickly build up the dollar figure to a level that would meet the needs all over the United States. If that be done, then we would have the 2 percent plan on the one hand for those who are in need, and we would have a bank, on the other hand, for those who can afford to meet the cost of the money.

I thank the gentleman for yielding. It has been a pleasure to be a part of this colloquy here.

I might say that my colleague from Texas serves with me on the Committee on Interstate and Foreign Commerce, and we have a long, fond association in that respect, I thank the gentleman.

Mr. PICKLE. I thank the gentleman. The gentleman from Minnesota has a very distinguished and interesting career in this program. He probably knows as much about it as any man in America, because he headed the organization. He has rendered a great service. I, too, think and hope that we can have an alternative. I think that our cooperatives are looking for alternatives. While they are not going to say, "Please take away our 2-percent loans," they are willing to have a look at other alternatives. If they can be guaranteed the availability of sufficient loan funds, I think they will find that is equally as important as having an appropriation at a large level. I think many of them, the larger ones, would prefer that to the present loan program.

I have inserted in the RECORD a statement that shows perhaps 70 percent of the cooperatives could borrow money or afford loans at a level higher than the traditional 2 percent, and I think if they could have that guarantee of sufficient loan funds they would be satisfied.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

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

Mr. SMITH of Iowa. It is natural, I suppose, that people should look for some alternative that costs no money whatever. I wish to remind Members that a decision was made many years ago that this part of the population that cannot be served profitably by private utilities would be served through this kind of program, instead of making private utilities serve them at a loss. That decision was made 30 or 40 years ago, at least. A private utility picks and chooses the area in which it wants a franchise, and within that area it must serve, even at a loss, those customers that reside within the area.

Some of those customers are served at a loss. But those utilities are not required to serve areas where the loss would be the greatest, and those are the areas that have an average of three customers per mile instead of 33. So to expect an operation that serves an area in which there are three customers per mile to pay the going rate of interest on the entire amount of money which is used, just the same as people who serve areas having an average of 33 customers per mile, is unreasonable. It cannot be done. We are serving the people in the urban areas that are under private franchises with this program when we take the unprofitable part of the electrical energy service and set it up under the REA program, instead of making those that are in the franchised areas pay the load.

We are serving everybody by doing it this way. We ought to keep in mind that we cannot expect to have the part that no private electrical company wants, and the part that they determine they could not make any money on or even break even to pay the same rate of interest that the private utilities pay. It cannot be done. You can look for an alternative to help, but you cannot set it up to operate on its own profitability completely.

Mr. PICKLE. The gentleman is exactly correct. Perhaps 30 percent of the companies could not stay in business if we did not have the program that we have. Indeed, the program would not have started at all if we did not have the kind of loan program which we have, because it serves an area no one else would serve.

And in seeking an alternative, I agree with the gentleman. We have to be careful that we do not damage the small cooperatives. Otherwise the rural areas will not receive electricity.

Mr. SMITH of Iowa. I would point out, too, that any area which a cooperative serves was available to any private company that wanted it. In fact, no REA grant could have been granted for an area unless the private company turned down the opportunity to have it.

Mr. PICKLE. I thank the gentleman.

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

Mr. PICKLE. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Speaker, I should like to commend the gentleman from Texas for taking this special order in support of the REA's, and I should like to associate myself with the position expressed. REA's are a part of the Nation's backbone and our rural economy must be protected.

Mr. Speaker, that the power crisis in America has become a national crisis is no longer just a warning by specialists in the electric utility field. Consumers throughout the Nation have become deeply concerned and in many cases

have had to suffer the damaging effects of brownouts and blackouts. Ever since the 1965 northeast blackout, people have wondered and asked, Can it happen again? And what is being done to prevent such catastrophes?

Industry and government have not provided the answers to these questions. Indeed, it sometimes appears that industry and government, inadvertently or not, contribute to the Nation's power problems. A case in point is the recent episode involving the Hanford N Reactor in the State of Washington.

The N nuclear reactor at Hanford provided the steam to power a generating station, Hanford No. 1, owned by Washington Public Power Supply System—WPPSS—an association of 16 public utility districts. This station in turn added 800 megawatts to the Northwest Power Pool serving Washington, Oregon, Montana, and Idaho.

For 4½ years, Hanford No. 1 was an integral part of the Northwest Power Pool serving 76 public and private electric utilities, and customers of the Bonneville Power Administration, including 43 rural electric cooperatives. With Hanford No. 1 the power pool had a winter reserve of 1.7 percent or 286 megawatts.

On January 28, 1971, in an abrupt Government order, the Atomic Energy Commission announced that the N and K reactors at Hanford were to shut down immediately. The shutdown order, however, originated in the Office of Management and Budget as a means of saving the Government $45 million in plutonium costs for fiscal year 1972.

The consequences of this economy move apparently had not been considered. Directly and immediately affected would be the 76 public and private electric utilities and the customers of the Bonneville Power Administration. Reserves in the Northwest, already dangerously low, would reach zero reserve generating capacity. Five thousand employees in the Hanford area would be affected, adding to the already 11 percent unemployed, and increasing the figure to as high as 30 percent. California and Southwest areas would be unable to obtain power they expected and needed from the Northwest to meet peak load demands for the coming summer. Valuable research in advanced power reactor technology which would be carried out at Hanford could not be conducted.

Reaction to the shutdown was one of shock, and it produced protests to the administration from many including the entire congressional delegation representing Washington State, National Rural Electric Cooperative Association General Manager Robert D. Partridge, WPPSS Managing Director Owen Hurd, BPA Administrator Henry L. Richmond, American Public Power Association General Manager Alex Radin, and thousands of Washington citizens. Managing Director Hurd, in a public statement, cited the Government-WPPSS contract which stated that reasonable notice would be given before shutdown of the reactor and stated that WPPSS had expected to have the opportunity to acquire the reactor or construct an alternate source of steam.

NRECA General Manager Bob Partridge sent a telegram to President Nixon urgently calling for a change in the budget decision. He said:

> The Nation's power crisis is heightened by the sudden closing of the Hanford, Washington, facility without warning in accordance with your budget.
>
> The entire Northwest will suffer directly from loss of the Hanford power, which last year amounted to 4 billion of the 60 billion kilowatt hours distributed through the Northwest Power Pool. There are no alternative sources of the needed power, and the pool now has almost no reserve capacity.
>
> Please recognize that the Nation is now in a state of crisis with regard to electric power supply.

Within a week the administration announced that dismantling of the reactor and dismissal of personnel would be suspended until further studies had been made. After considerable negotiations it was agreed upon by Budget and Washington State officials that $20 million a year would be paid for the steam to operate Hanford No. 1—$17 million from affected utilities and $3 million from electroplating industries that use the electricity.

So far N reactor has not produced steam. The winter months, fortunately, produced unusually high water runoff used by hydroelectric dams, and consequently the Northwest did not suffer any further power shortages. It is up to Congress now to authorize the use of N reactor and appropriate the funds to run it. It is up to Congress to make these decisions in view of not only the Northwest's interests but also those of the Nation. It is up to the administration, however, to more carefully study economy measures and issues that can affect the entire Nation and to consult with the Congress before taking action.

Mr. PICKLE. I thank the gentleman from Washington for his contribution.

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

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

(Mr. VIGORITO asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. VIGORITO. Mr. Speaker, the importance of rural electrification to the businesses and the health and safety of rural people is best demonstrated by what happens when the electric power is not there. Also demonstrated is the value to rural electric systems of having access to their own wholesale power on a dependable basis.

In my State of Pennsylvania, rural electrification began in 1937 when the Northwestern Rural Electric Cooperative Association at Cambridge Springs was energized. In the years following that, 11 other distribution systems were established and they brought electric power to the rural areas that they served. Not only that but they set an example for the investor-owned companies that inspired the building of lines throughout all rural areas of Pennsylvania.

As a result of the REA program, the percentage of electrified farms rose from 23.6 percent in 1935 to nearly 100 percent today.

Through the years, the rural electric systems have worked hard to provide dependable service at reasonable rates and they have been successful in delivering it, even as the use of electricity continued to rise as it has in all parts of the country. The rural electric leaders saw the value of producing their own wholesale supplies of electricity. They organized their own generating cooperative but due to the eagerness of the investor-owned companies to keep cooperative generation out of Pennsylvania the venture was never brought to fruition.

Instead the rural electric systems had to buy their wholesale power from the investor-owned companies and then retail the electricity to their consumers.

Normally this works reasonably well. But last summer during the power crisis, the rural electric systems found out what happens when their wholesale source is short of power. The rural loads are the first to cut off.

This is not fair. A public utility ought to be a public utility and all consumers should be treated the same. That is not what happened to six Pennsylvania rural electric systems.

I want to quote a report of this situation from the June issue of Rural Electrification:

> A ROUGH DAY ON THE PJM—WHEN 15,530 RURAL ELECTRIC CONSUMERS HAD THEIR POWER CUT OFF
>
> Tuesday, September 22, 1970, was a rough day on the power network known as the PJM Interconnection.
>
> Even before dawn that day the system's managers realized that if the weather turned hot and humid, the PJM (power pool for most of Pennsylvania, New Jersey, Delaware, Maryland and the District of Columbia) might have problems.
>
> Out of total installed capacity of 28,466 megawatts available for the system, some 6,828 megawatts (more than 20 percent) was already out of operation, due either to scheduled maintenance or breakdowns. Further breakdowns might cripple the system.
>
> The day did turn out hot and humid. There were further breakdowns. And for the first time ever, the PJM Interconnection had to resort to manual load-shedding, turning off the power entirely at certain substations so that the rest of the system could continue functioning.
>
> Six weeks later the Federal Power Commission reported on the PJM's troubles. The FPC press release described the load-shedding as "selective interruption of noncritical loads."
>
> To the Federal overseers of interstate electric generation and transmission the loads may have been "non-critical."
>
> But when William F. Matson, statewide manager of rural electric cooperatives in Pennsylvania, hears that word he does a slow burn. Probably the managers of six Pennsylvania rural electric systems do the same. A significant portion of those "non-critical loads" were the electric needs of 15,530 rural electric consumer members.
>
> When the dispatchers did their manual load-shedding on September 22, they cut off one substation at the Bedford Rural Electric Cooperative, two serving New Enterprise Rural Electric Cooperative, four at Somerset Rural Electric Cooperative, five at United Rural Electric Cooperative, four at Valley Rural Electric Cooperative, and three serving Southwest Central Rural Electric Cooperative.
>
> The cutoffs, according to reports sent to the statewide, ranged from 12 to 107 minutes, with most of them between 30 and 60 minutes.

In some cases, co-op managers or staff were informed by the power companies about the cutoffs in advance. In others, however, the co-op found out that a substation had gone dead from a barrage of telephone calls from consumers.

Even one hundred and seven minutes may not sound to some readers to be a long time to be without electric power. But to the farmer—who depends more and more on a dependable supply of electricity to operate a huge variety of farm equipment—it can be disastrous.

As a statewide report puts it: "Lack of water pumps, sewer pumps, elevators, internal building lights, sudden stopping of farm machinery such as feeding systems, milking machines, essential ventilation for modern high efficiency and high density farm animal production lead to terrifying risks."

Matson noted during a recent interview that on September 22, when Pennsylvania's power companies were shedding 1,000 megawatts, no municipal electric systems were dropped. And Harold Park, director of planning for Allegheny Electric Cooperative, the wholesale bargaining agent for the state's 13 distribution cooperatives, notes that some of those municipalities had standby generators that could have been put into operation that day, but were not.

Rural electric officials and power company officials agree that in the future notice will be given to co-ops prior to any substation cutoffs, and that co-op managers may talk the situation over with power company dispatchers.

Matson notes, however, that for two years Allegheny has had the chance to buy an additional 70 megawatts of power from PASNY, the public power agency of the state of New York. That power would have to be wheeled over power company lines, however, and so far the companies say they "agree in principle," but delay on essential details.

The chances are good, then, that again this summer rural electric consumers in Pennsylvania are going to find their power out during some hot day.

Mr. PICKLE. I thank the gentleman from Pennsylvania for his remarks.

Mr. JONES of Tennessee. Mr. Speaker, will the gentleman yield?

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

Mr. JONES of Tennessee. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, already we are hearing pleas that we use less electric energy during the coming summer months. It is obvious from these pleas that power shortages are anticipated. Unfortunately, we cannot correct the power shortage problem by asking people not to use their electric air conditioners when the weather is hot.

If the power crisis is to be met and conquered, we must do something, and that usually means using money. In this case, however, it means investing money. It means providing the Rural Electrification Administration with a more realistic funding level. I think it is unwise to continue funding an agency's loan budget at the same level year after year, knowing full well that simple inflation will erode it, and knowing that there are many other factors that make construction and maintenance more costly today than they were even a year ago.

Rural electric cooperatives in Tennessee are having it rough these days, just as other co-ops around the country are. For example, the TVA has recently increased wholesale power rates by 24 percent. Other costs are going up. New customers must be served. Old customers demand more electricity. Systems must be strengthened and generally modernized.

Although Tennessee co-ops have continued to borrow money from REA, they had a backlog at the end of 1970 of some $4 million in unfilled REA loan requests. These co-ops have indicated that between January 1 of this year and the end of June of next year, 1972, they would be submitting loan applications in the amount of nearly $13 million.

How much of that money requested will they eventually receive? Not enough, I am sorry to say. In November of last year, one of our cooperatives in Tennessee applied for a loan of $797,000 for 118 miles of distribution line to serve 1,700 consumers. On February 18, they received $350,000—less than half of the amount needed to do the job.

In December of last year, another Tennessee co-op applied for a loan of approximately $2 million for distribution line and equipment, but it received only $791,000.

I want to make two points here. First, these loan requests were not based on guesswork. Each request is the result of a lot of hard technical work by engineers, lawyers, and other professionals. Secondly, when a request is funded by less than half, the remainder does not stay on REA records as an unmet loan amount, as a part of the backlog. Instead, the sheet is wiped clean. If that co-op wants to get the remainder of its loan request, it must file and submit again, from the beginning.

In this manner, REA appears that it is not actually as far behind as it is, but REA is behind, far behind. Typical remarks which appear on the loan applications of those Tennessee co-ops which received reduced loans are: "Limited REA funds available" and "Lack of REA funds."

A half-dozen co-ops in the State of Tennessee need additional REA financing, but have delayed application because their general funds are in excess of REA's new limitation. In many cases, if they have general funds equal to 8 percent of their plant investment, they cannot get loans; they cannot even get loan funds previously committed.

Eight percent—and REA has held the line well belowe 8 percent in some cases—will not leave these co-ops much flexibility in their ability to cope with unexpected problems. In fact, some are having difficulty getting enough cash for their regular operations.

Presently, REA does not have enough money to go around, and so REA is pinching, and the co-ops are feeling the pinch.

The Rural Electrification Administration has borrowers and potential borrowers in 46 States. These are electric power cooperatives in rural areas, ready to help relieve the Nation's power shortage problems, and ready to help relieve the population pressure on our cities if they can simply get the funds necessary to provide adequate power to meet the needs of agriculture and rural industry. These co-ops look to REA for their loans. For a change, let us provide REA with adequate loan funding. At least $555 million is required if REA is to do an adequate job of meeting the needs.

Both the rural and the urban areas in America are in the same boat as far as the energy crisis is concerned. If the stress on either is relieved even slightly, then the whole country benefits. If we are truly interested in overcoming the energy crisis, a perfect opportunity for taking constructive action lies in the funding of REA at a level high enough to meet its demands.

Mr. PICKLE. I thank the gentleman from Tennessee.

Mr. Speaker, we have talked about alternatives and have talked about CFC. I should like to talk about an alternative that was presented last year in appropriations hearings. I believe it should be brought to our attention again. I refer to deferment of principal.

Although the CFC cannot do the job alone, I think we could make the point as well, that we cannot do the job without the CFC.

I quote from the House report (91–1161) accompanying the agriculture appropriations bill of fiscal 1971:

Consumption of power is expected to increase to an estimated 135 billion kilowatt hours by 1980.

To meet this massive requirement, Congress must continue to play its role. The REA borrowers themselves are likewise seeking other means within their own organization to meet their obligation to their consumers. They are forming the National Rural Utilities Finance Corporation to commence operations this year. Whether this system works will have to await the action of the money markets.

Because of this, the Committee suggests that where the financial condition of the borrower is sound and where the Government's interest is adequately safeguarded, the Administrator consider defering repayments on outstanding loans for up to three years.

The purpose of such action is twofold: To enable the cooperatives to more fully subscribe the stock of this new lending institution and to assist rural electric systems in meeting impending local financial needs.

With regard to new loans, the conference committee report specified that the 3-year deferment period would be in addition to the deferment already being granted under normal practice.

And, again, from the conference report (H. Rept. 91–1680) to go with the final form of that bill:

The Conferees are in agreement that there is authority in Sections 4 and 12 of the Rural Electrification Act to follow both the House and Senate Committee recommendations.

Or, in other words, to allow these deferments of principal to get the CFC going faster.

So far there has been one application—and it was turned down. There would be more, but I understand that the REA restrictions put on this deferment of principal are so restrictive that virtually no one can qualify.

REA bulletin 20–20 of January 14, 1971, states:

The amount to be made available to the borrower through such deferment will be

based upon the borrower's financial status and on the amount and timing of the required commitment made or to be made by the borrower to a supplemental financing institution.

My first concern here is that there are no concrete criteria provided in this bulletin to define what constitutes "financial status." Is this to be left purely to the whim of REA? If concrete criteria are listed somewhere, I think the Congress ought to be fully advised of them.

Second, it is my understanding that REA is only considering deferment applications from borrowers who claim inability to meet their CFC investment obligations without that deferment—but that if they claim such an inability they are almost automatically judged to have such a poor "financial status" that the request to invest elsewhere besides their own plant will be denied. If this is so, then the REA has put our co-ops in a position of double jeopardy—calling on them to seek other means of financing their loans, but denying them one of the best means by which they can do so. This is a serious charge, and I do not know if it is a true one; I make no statement that it is a true picture of the situation, but I think we ought to find out for sure.

An additional shortcoming of bulletin 20–20 is that it makes no provisions for increased investment in CFC over and above the minimum required subscription amounts. This restriction is not in keeping with the expressed intent of the deferment of principal concept, to expedite the capitalization of CFC.

Furthermore, bulletin 20–20 makes no provision for deferments to meet local financial needs.

The REA claims that the 20–20 bulletin revises their policy in accordance with the conference committee recommendations. In effect, it does not. Thus, there is strong feeling among the committee members today that the REA has never really replied positively to that offer, and the fact remains that no deferment—I believe—has been granted.

This is a flouting of congressional direction and intent. REA's rulings have worked against any deferment, and thus against increasing stock certificates in CFC.

I venture that the REA will hear more about this disregard in the days ahead. The Appropriations Committee, I believe, is distressed that no more action has been taken on this timely suggestion.

Now, Mr. Speaker, one other item I would like to touch on at this point is the reserve levels.

Mr. Speaker, moving on to a topic closely related to the loan and cash advance needs for our co-ops—the level of reserve funds. A co-op's reserve funds are in many ways a barometer of the health of that co-op. The problem today is that no one can agree what figures on the barometer represent a fair weather forecast and what figures represent a foul weather forecast.

REA at one time recommended general fund, or reserve, levels of 20 percent. Then a mid-1960's REA study—specifically conducted to determine the optimum reserve level—recommended 15 percent. Now, REA says:

> We have determined that most borrowers do not ordinarily need to maintain a level of general funds of more than 8% of plant.

I would like to know by what study this 8-percent limit has been determined. I want to know if any study has been used to set this 8-percent limit. I want to know what is the proper reserve level for a co-op.

The one thing that is certain about our reserve fund barometer is that it is going down—and rapidly so. I am particularly disturbed since I know that many—likely well over half—of this Nation's co-ops are now having to operate with less than 8-percent reserves.

I have in my own district the Pedernales Electric Cooperative, founded with the aid of then Congressman Lyndon B. Johnson in 1938. This co-op now serves over 23,000 meters—one of the largest electrical cooperatives in the State of Texas.

But the crucial matter is that 1,000 of these 23,000 meters have been added since December 1970—6 short months—yet they are now having to operate on a 4- to 5-percent reserve level. The Pedernales co-op director stated to me a few weeks ago:

> We feel that the 4-5% level of general funds to plant investment is too low a figure for sound operation.

And here, he explains to me, is why: With their high growth rate, the Pedernales co-op usually has $1 to $1½ million tied up in work in progress. But with a reserve level of 4 to 5 percent they stay regularly $200,000 to $300,000 short of this $1 to $1½ million—short of what they need to pay their bills.

Now, Mr. Speaker, I realize that a co-op growing as fast as this one may have different reserve requirements than a co-op with a different growth rate. But I do not like the idea of our co-ops having to continually negotiate a fluctuating reserve level with REA—negotiate without the benefit of any established guidelines on proper reserve levels. I think we need those guidelines. I think it is growing obvious that we are not doing very well without them:

One matter which we must here make clear is the difference between co-op reserves and reserves for the private utilities. Private utilities generally carry reserves of only 2.8 percent—but there is a crucial difference between the private utility demands on their reserves and the cooperative demands on the cooperative reserves. A private utility borrows first and then takes care of construction and replacement needs, so I am told. A co-op constructs and replaces equipment first, pays the bills, and only then gets reimbursed by the proceeds of their REA loans. From this alone it should be clear that the two cases are not comparable. At least, there is a fundamental difference.

And finally, in connection with reserve levels, I think we need to talk about the relation between these reserve funds and general rural community development.

The REA Administrator recently stated:

> We believe that the best possible investment of a borrower's general funds over and above operating money is in its own plant.

I find this a startling statement in light of the words of Mr. Hamil I read to you earlier saying that—

> REA urges its borrowers to participate actively in community development programs.

I find it a startling statement in light of the REA bulletin "Developing Community Resources" which points with pride to the 4,100 local projects assisted by REA borrowers in the 1960's and to the 306,000 jobs directly and indirectly created by this community participation.

I understand the desire to cut reserves to keep money from going out of the U.S. Treasury. But I cannot help but think this action is taking money out of our rural communities—out of our rural banks. I wonder if this action to stem Treasury flows in the short run will not wind up costing us far more in the long run.

To the extent that rural development creates additional jobs outside the congested cities it slows the migration to them and reduces their problems of assimilating additional migrants from rural areas. It is significant in this connection to note that the nonfarm population outside standard metropolitan statistical areas, as defined by the Census, increased 20 percent between 1960 and 1970. Had all these people migrated to the large cities, their current problems would be even greater.

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

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

Mr. NELSEN. A moment ago the gentleman quoted a policy statement which the gentleman indicated was not his observation but one that you were presenting that had been made by some other source.

Mr. PICKLE. Which statement does the gentleman refer to?

Mr. NELSEN. Relative to the money coming back.

Mr. PICKLE. Into the revolving fund?

Mr. NELSEN. Yes. Would the gentleman—would it be possible for me to get the statement that the gentleman made so I might examine it with the idea of checking further as to its accuracy?

Mr. PICKLE. Yes, indeed. All these remarks have been asked to be revised, and it will be fully stated in the RECORD.

I would welcome the gentleman reading it.

I did say in the statement——

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

RURAL ELECTRIFICATION ADMINISTRATION

The SPEAKER pro tempore (Mr. EDMONDSON). Under a previous order of the House, the gentleman from Montana (Mr. MELCHER) is recognized for 60 minutes.

Mr. MELCHER. Mr. Speaker, I yield such time as he desires to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. I thank the gentleman from Montana and I want to express my appreciation to him for making this time available and for the many contacts and discussions we have had in an effort to bring this discussion to the floor of the House.

Mr. NELSEN. Mr. Speaker, will the gentleman yield to me at this point?

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

Mr. NELSEN. I would like to ask unanimous consent for the opportunity of submitting for the RECORD an observation of mine dealing with the statement made by my colleague, the gentleman from Texas (Mr. PICKLE).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. PICKLE. I did say earlier that we had made the charge the REA apparently was operating a revolving fund. The REA has denied that, and has said they are going to equal the loan level that we had in previous years. I am told that as of April 1, the REA has made cash advancements somewhere in the neighborhood of $293 million.

Perhaps they have now reached the $345 million mark. I do not charge that they have not. I just do not know it, and I have not seen it. I would like to be told.

I would say also that they had turned back to the Treasury this past year some $229 million in principle and interest—I presume this includes both principle and interest.

You can see, though, what happens if the REA says they have advanced $345 million, and the co-ops pack back into the Treasury $229 million. If this is not a revolving fund, it is mighty close to it.

I cannot fault the REA for not advancing more money than we have authorized, or than we have appropriated. They are not a group downtown that is just trying to squeeze us to pieces, and I make no such charge. But I do say when I make the statement that this is the policy, that it is either an avowed policy of a revolving fund or it is something that is mighty close to a first cousin. I welcome the gentleman from Minnesota to look at my remarks, and then we can have a further colloquy about it.

With respect to the reserve fund, I think it is important to make this one additional point:

As I said, reserve levels in 1960 were $523 million, or 14.1 percent of plant. They climbed to a high of $597 in 1965—but this was a reduction to only 12 percent of plant. Since then the falling off has been more and more drastic—down to $515 million or 7.8 percent in 1969. In the meantime, total plant value has gone from $3,697 million in 1960 to $6,592 million in 1969.

Mr. Speaker, I ask unanimous consent to insert the following table of general funds of cooperatives.

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

There was no objection.

(The material is as follows:)

GENERAL FUNDS OF RURAL ELECTRIC SYSTEMS

[Dollar amounts in millions]

Calendar year	General funds	Total utility plant	General funds as percent of plant
1960	$523	$3,697	14.1
1961	568	3,897	14.6
1962	585	4,104	14.3
1963	584	4,406	13.3
1964	592	4,696	12.6
1965	597	4,979	12.0
1966	591	5,353	11.0
1967	550	5,776	9.5
1968	536	6,166	8.7
1969	515	6,592	7.8

Source: Rural Electricification Administration.

Mr. PICKLE. Mr. Speaker, I think we should at this point insert remarks of the REA Administrator to show the arguments advanced by his organization when testimony was presented at a recent Senate Agriculture Appropriations Subcommittee hearing. The Administrator's remarks are followed by a NRECA rebuttal on the same subject.

The material follows:

STATEMENT OF REA ADMINISTRATOR ON RESERVE LEVELS

We have determined that most borrowers do not ordinarily need to maintain a level of general funds of more than 8 percent of plant. Therefore, REA does not ordinarily make a loan to a borrower if it has more than 8 percent of general funds. However, this is not a hard and fast rule. In cases where the need is justified, loans are made even though general funds exceed 8 percent.

In applying this general 8 percent guideline we exclude many investments. For example, we exclude U.S. Government securities which could not be liquidated without a loss in capital. We also exclude investments and commitments to invest in organizations such as CFC, data processing centers, and power supply organizations when approved by REA. This means that borrowers' total general funds are generally above 8 percent since our 8 percent guideline applies only to the general funds remaining after these exclusions. Most of the general funds remaining after exclusions should be immediately available for use.

Occasionally the argument is advanced that large amounts of general funds are needed in case of storm damage and other emergencies. As a matter of fact, REA stands ready at all times to make funds, available for such emergencies loan before they are actually needed by borrowers. Advances under existing loans and new loans have been made within a matter of 2 or 3 days to systems damaged by storms. We know of no case where a borrower has ever been handicapped on this account.

We frequently encounter the argument that borrowers are being "choked" by the 8 percent general fund control. It should be clear that they are not being held too tight on their operating funds. More than three-fourths of the approximately $523 million in the borrowers total general funds are invested in all types of securities, savings and loan accounts, and bank savings accounts. We believe that the best possible investment of a borrower's general funds over and above operating money is in its own plant.

We also point out that the 8 percent limitation allows the average borrower with a $5 million plant investment to remain a minimum general fund of $400 thousand exclusive of his firm obligations to CFC and other exclusions allowed by REA. The smallest system is allowed to maintain a general fund level of $100 thousand.

GENERAL FUNDS OR "WORKING FUNDS"—REPLY BY NRECA

It should be understood that "general funds" as used by REA is unique. It is not like any other accounting term or category used by power companies and other business enterprises.

Levels of general funds or ratio of general funds to utility plant should not be confused with "working funds" of electric power companies, as these are different in origin, composition and purpose

The source of REA borrowers' general funds is not the Government but the operations of the rural electric systems. General funds come originally from gross operating margins, but, in terms of bookkeeping, from amortization and depreciation setasides. It is out of general funds that borrowers repay their REA loans, make capital credits retirements to member patrons, and pay for plant construction (either temporarily until REA loan funds are advanced or permanently in addition to REA capital investment).

The total amount of general funds held at year-old by REA borrowers has been declining (from $597.4 million in 1965 to $515.2 million in 1969), despite the growth of plant, consumers, and power consumption. From the composite total of about $500 million cited by REA officials, only some 20–25% is made up of liquid funds readily available without restriction as to use.

Serious operating problems have been thrust upon boards and managers of rural electric systems by changes in REA policy regarding general funds. REA at one time recommended general funds levels of around 20% of plant. Later REA had set the level at up to 15%. Since August 1969 it has been REA policy not to approve loans nor make advance of funds on loans already approved unless the general funds level is below 8%—and in some instances much lower.

When we are talking about reserve levels, there are more unanswered than answered questions. The trend to lower reserves, however, is definite and factual. I question, though—if it was absolutely "bible" to require 20-percent or even 15-percent reserve levels a few years ago, how can the same organization now tell us that it is safe to have only an 8-percent reserve level? Indeed, Mr. Speaker, we are told by inference and comparison with private utilities that we might be safe with only a 2-percent or 3-percent reserve.

That is high-voltage brinkmanship. It is necessary to keep a safe and prudent reserve level in any business and particularly so in a co-op because it is a special type of operation. It is dangerous to lower the level too much. I feel this constant lowering is due to the directive of this administration not to take money out of the U.S. Treasury, but to take it away from our cooperatives. The Government is making the cooperatives operate at a dangerously low level largely to make their own budget look better.

LOAN PROGRAM

Mr. Speaker, probably few aspects of the REA loan program have seen as much controversy as the 2-percent loan. I have no doubt that—as the case has often been made—many cooperatives would be unable to service their areas of widely scattered, low- and moderate-income, rural families if the 2-percent rate were abolished. This is due, as I understand it, mainly to the high cost of bringing electricity to widely scattered outlets.

At the same time, I am advised that REA has determined about 70 percent of our distribution co-ops could afford to finance at least a portion of their loan with higher rates. I know that some of my own co-ops have voiced the opinion that they could accept the idea of a higher rate if—and this is a crucial if—they could be assured they could always get the loan funds they needed. I am also aware that the co-ops which have told me this fact are fast-growing co-ops, while in other areas some of our co-ops are having to deal with population decreases.

I am delighted to learn that the REA has established or is establishing criteria by which we can determine a co-op's ability to seek non-2-percent financing. And, I am delighted as well to see that our co-ops are taking the initiative to provide that financing.

Mr. Speaker, I asked the Library of Congress to give me an analysis of the 2-percent loan situation. I would like to read that analysis:

Opposition to making loans at 2 percent interest to REA co-operatives reached a high level in the 1960's. Opponents of a continuation of loans at 2 percent interest have never been successful in the face of evidence presented by the National Rural Electric Cooperative Association that many cooperatives would be unable to service their areas of widely scattered, low and moderate income, rural families if the interest rate were raised.

It is the policy of REA to loan funds to local cooperatives to enable them to supply electricity to all or almost all families in each rural area even though this increases average costs and reduces the financial attractiveness of the cooperatives operations. No evidence has been presented as to how many cooperatives would be put out of business, or how many rural consumers would have to go without electricity if interest rates were raised, but the number is probably substantial.

It does not appear that any serious effort prior to 1971 was made to classify cooperatives on the basis of their ability to pay and limit the interest subsidy to those most in need. The supplementary CFC loans which were made for the first time in February 1971 will carry a higher interest rate than the REA loans. Administrator Hamil advised the Senate Subcommittee on Agricultural Appropriations last month that criteria have now been established for determining which cooperatives have sufficient resources and will be expected to obtain a portion of their long-term financing from this higher cost non-REA source. He reported that 266 distribution borrowers, about 29 percent of the total number, cannot afford to make use of these higher cost loan funds. They probably serve fewer than 29 percent of the total consumers served by REA Co-ops.

Cooperatives get a lot of criticism about the 2-percent loans. We would never have had our phenomenal growth without the loan program, however. We do recognize that times have changed and the co-ops are adjusting as best they can. The smaller cooperatives cannot get by on the conventional interest levels—some of the growing co-ops could, if they could have assurance that loan funds would and could be available. Suppose, however, we passed a law that said loan funds be fixed or set by the Treasury at a rate of interest payable on U.S. marketable obligations—and then failed to make sufficient appropriations. If we could be guaranteed a source of funds, the cooperatives, in some instances, could survive.

In the long run, the Congress must provide for more adequate appropriations. Having an insufficient appropriation with low interest could be more damaging than a full appropriation with high-interest levels.

Mr. Speaker, on a closely related matter I would like to point out that one of the most time-honored practices in the REA loan program has been the 2-year loan. Yet now, in an alleged effort to handle the shortage of funds available, the REA has cut this period to 1 year and in some cases, to 6 months.

It does not take much of an economist to see that this is "false economy" and that it is a shortsighted view of the situation—especially when inflation still continues to hound the cooperative contracts.

I have only one question: if the shortened loan time actually saves money, why have we not been doing it all along? It is plain as can be that the only reascon that this loan period has been reduced is that the money available is too short—and that REA is just spreading the butter around too thinly.

Mr. MELCHER. Mr. Speaker, permit me to express to the leadership of the House my deep appreciation for the special order which makes possible today's recognition and full discussion of the progress and problems of rural electrification.

In addition, the distinguished gentleman from the 10th District of Texas (Mr. PICKLE) warrants commendation and thanks for his initiative and efforts in bringing this excellent idea to fruition.

The rural electrification program is truly one of the great social inventions of the century. It is a living embodiment of noble concept, an operating proof of the vitality of our democratic system. Out of dire need and a sense of fair play has come a new and effective form of teamwork between citizens and Government to overcome a major disadvantage suffered by the people of rural America.

Nowhere was the disadvantage greater than in Montana.

Nowhere has rural electrification been a greater blessing.

Nowhere is the program more necessary today.

In the Nation as a whole, the rural electric systems operate 44 percent of the total mileage of electric distribution line to serve 8 percent of the consumers, who buy 5 percent of the electric energy that is sold. They serve an average of 3.5 consumers per mile of line.

But in Montana the consumer density is even lower. The electric cooperatives in my State operate more than 34,600 miles of line to serve approximately 59,300 consumers—an average of fewer than 1.5 consumers per mile.

I doubt that it would be possible for any utility to make a profit while providing good service to such widely separated customers. But the Montana REA's have long proved that they can provide good service at cost. They can do so because of the rural electrification program and because of their own determination, ingenuity, and dedication. They have borrowed from REA more than $87 million. They have repaid more than $29 million in principal when due and paid in advance more than $5 million. They have paid more than $16 million in interest.

In 1935, as the program began, only 5½ percent of Montana's farms and ranches had central station electric service. The comparable percentage in 1969 was 97 percent. The last few are generally the most remote and hardest to reach. Meanwhile, electricity becomes increasingly important to those who have service.

It is no exaggeration to say that good electric service has modernized farm and ranch living and vastly increased the efficiency of agricultural production. How depressed and backward would our rural economy be today if we had not had the benefit of the rural electrification program? Efficient as our agriculture is today, the cruel forces of high interest rates and rising costs of all goods and services used in farm and ranch production are causing bitter hardship and concern.

Our farm and ranch leaders, although united in worry and sincerity, are not always unified in their approach to the solutions of agricultural problems. But they are unified in their enthusiasm and support for the rural electrification program. Men and women who disagree in farm program matters and in politics serve side by side on REA boards and on the bipartisan teams that communicate with Members of Congress and State legislatures about their interests in public business.

Many of these leaders unite to work in related rural development activities—rural housing projects, rural water and sewer systems, school and recreation improvements, and other good works.

This is encouraging not only because of the specific accomplishments but because unity in some fields of action may yet lead to greater unity in the broad area of agricultural policy. At least, we can continue to hope. And our hope is due in no small measure to the unifying force of the rural electric cooperative.

Unfortunately, the rural electric systems are, themselves, facing a crisis. As they strive to keep up with the growing demand for electricity and to maintain their standard of improving service, they—like farmers, ranchers, and business concerns everywhere—employ more and more capital. But REA is for all practical purposes their only banker, and REA loan funds are geared to the needs of the past. They do not grow. The new supplemental finance cooperative, CFC, is barely getting started. And the rural electric systems are starving for capital.

Anyone who has seen what happens to healthy cattle on a sparse range in a drought can readily visualize what capital starvation can do to a dynamic business like a rural electric co-op.

We must not allow this capital starvation to continue.

The electric co-ops are sound. They are not merely good credit risks—they are not risks at all. There is no reason

to deprive them of the loan funds they need.

The rural electrification program has accomplished much, but there is much to be done.

In Montana, one of the great needs is for the additional transmission line to assure the northernmost part of the State of reliable wholesale power supply.

The four cooperatives that serve the northern tier of counties buy their entire supply from the Bureau of Reclamation. They depend on a 115-kilovolt transmission line of which part was built by the Bureau and part by the co-ops. Additional capacity has been needed for some time, and there has been much controversy about how it should be provided.

In March 1970, the Department of the Interior executed the proposed wheeling contract with Montana Power Co. The problem in northern Montana remains, however, because the company line, due to its routing and capacity, does not remedy the original transmission weakness which gave rise to the request for funds to build the Federal line.

We are told by REA engineers:

> The Company 115 kv line to Cut Bank does not provide loop service to the Browning area as would the Federal line, and its capacity, one-half of which is available to the Government, is insufficient to carry the northern Montana loads in the event of an outage on the existing 115 kv facilities between Ft. Peck and Cut Bank owned by the Bureau and the cooperatives. . . .
>
> The fact is that the need for the Federal 161 kv Great Falls-Browning line has not been obviated or seriously reduced by the wheeling contract. We therefore respectfully urge that the Subcommittee recommend appropriation of $500,000 to initiate work on the Great Falls-Browning line in F.Y. 1972.

Brownouts in northern Montana would have serious consequences, and the danger grows with each delay. I suggest that we have delayed longer than we should and that the time for remedial action is at hand.

In conclusion, let me point out that I have purposely confined my remarks to a few specifics regarding the progress and problems of rural electrification. I have not addressed myself to the dangers of the national power crisis and the concentration of ownership of energy resources. Nor have I discussed the need for a national power grid and a comprehensive national energy policy. Let me say only that I consider these to be policy matters of utmost urgency, calling for our immediate attention, our best judgment, and our steadfast devotion to the public interest.

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

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

Mr. ZWACH. I thank the gentleman for yielding. I must pay my compliments to the gentleman from Montana and the gentleman from Texas for giving us the opportunity to present our position. It has been my rare privilege to help organize my home REA in Redwood County in the 1930's and to serve on the board of directors of that REA ever since, throughout all of the history of the REA.

I believe the REA ranks alongside the Homestead Act and the farm credit systems as cornerstones of countryside America. I would like to pay tribute to the administrators at the Federal level. I should like to point out that my good colleague from Minnesota, a former administrator, has just discussed the matter. He is a living example of the type of administrator that we have had, the quality of statesmanship at this level, with a very minimum of partisanship and a maximum of statesmanship. That has been the history of our REA's.

I should also like to pay tribute to the Board of Directors and the management at the local levels. All evidence indicates the tremendous record of repayment, the tremendous economy of management of our REA's throughout their history.

For years we served on the REA boards without a single penny of remuneration. Finally, we received 5 cents a mile and $3 a meeting to put in a full day, which is indicative of the dedication of the people who serve this worthy cause.

We have also had a fine National Association of Electric Cooperatives, which I would like to commend.

Now our REA's are in a growing need. Every user uses more and more electricity. It is our chief hired man and many times our only hired help. So we need more electricity. Our co-ops need strengthening. Some of our lines need replacement. We are starting to go underground. We are trying to modernize. All of these things fit into the pattern.

Finally, my colleagues, we have reached the point where our cities are sick to the death and the countryside is our hope. We are reversing the trend in my time of stuffing more and more of our people on less and less of our land. The people want to come to the countryside. They want an opportunity there.

We must do it. One of the bases is adequate electricity. Others are good telephones, good highways, and all the other facilities that go with them.

I am glad to note the presence of one of our fine Members on this side who has sat on the Appropriations Committee.

I have to say the Congress acted wisely in establishing our REA's. They helped to finance the REA's quite adequately.

I should like to call to our attention that these are not grants. Basically these are loans.

With regard to the 2-percent money, I should like to say that for many years, which I can remember, the REA's were paying 2 percent for the money when the Government was borrowing it at ¾ of a percent, 1 percent, 1¼ percent, 1½ percent and 1¾ percent. So, for many years this was not in the present situation.

We need to continue these funds especially for the REA's in the more scattered areas.

I know some of them operated differently. I know some of them paid out all of their savings in the form of dividends to their members and now have to raise rates and have no backlog. I know some of them operated more conservatively and did build up reserves that enabled them to tide over.

There is no question about it; the costs of electricity are on the rise. This is not only true in the countryside but is also true in our cities, which are short of power. So we need in a broad way to take a look at this entire program.

I would ask the Congress—especially the Congress—to be cognizant of this great need in the countryside, in our attempt to help solve the problems of the cities.

Mr. Speaker, I am pleased to join with Messrs. PICKLE and MELCHER here today in pointing out the past successes and the future needs of the Rural Electric Administration and its programs in rural America.

I have been a rural electrification board member and user since the inception of the program in Redwood County, Minn. I have witnessed and experienced at first hand the benefits accrued to our rural population from the availability of electricity on the farm. I have a deep and continuing interest in rural electric and rural telephone associations.

Now, at a time when our rural economy is at one of its most perilous points in our history, the Nation's rural electrification programs face a serious loan fund shortage. Any shortage has critical implications for both rural and urban America.

The Nation as a whole is experiencing power shortages and less-than-reliable electric service. Last summer's heat wave precipitated area blackouts and widespread brownouts. This summer, the Federal Power Commission estimates that reserve capacity in most regions will be below the 20-percent minimum safe level. The power shortage appears likely to be with us for years. Electric industry estimates indicate that power supply must be doubled by 1980, quadrupled by 1990.

Inadequate power supply loans not only deprives rural co-ops of bargaining strength, it deprives the Nation, and more specifically, rural America, of needed electricity. If denied its share of scarce electric power, rural America will be retarded and may never recover from the effects of a serious power shortage.

During the next fiscal year, REA is expected to have requests for loans totaling $800 million. Unless adequate loan funds are available, the people in our rural areas are not going to have all the electric energy they need for their homes, their farms, their business and industries.

It will also mean the rural electric cooperatives, the most cohesive force in rural Minnesota, as well as in all areas of rural America, are going to be crippled in their efforts to help stem the migration of the rural people to the cities. They will be unable to continue their program of rebuilding our rural economy through the location of new businesses and industries in the rural areas, providing new jobs for our rural residents.

Providing new growth and development in our rural areas will not come easy, nor does it have one solution, but I doubt that anyone can deny that providing basic and adequate power is the required first step.

Mr. MELCHER. Mr. Speaker, I appreciate the remarks of our good colleague from Minnesota. I believe his reference to another of our colleagues from Minnesota, ANCHER NELSEN, is entirely appropriate.

Not only was ANCHER very appreciative of what the REA's have done in rural America during the past several decades, but also he has been appreciative of what they are doing currently. On his own farm, during a storm last winter, which was a rather severe storm, there was some outage, including his farm, and ANCHER had the experience again of milking cows by hand. He told me he milked 40 cows night and morning while the power-out was in effect, and they could not use the electric milkers.

I believe that is not only good proof of ANCHER'S appreciation for REA but also a good demonstration to his colleagues that he still has the know-how and the strength to milk cows.

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

Mr. MELCHER. I am delighted to yield to the gentleman from Minnesota.

Mr. NELSEN. I know it is traditional for politicians to exaggerate just a little bit. It is true we had 40 cows, but one other man helped me, so I only had to take my quota, which was 20. It was not fun. I thank the gentleman.

Mr. MELCHER. I commend the gentleman.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. MELCHER. I yield to our colleague from Missouri.

Mr. BURLISON of Missouri. I appreciate the gentleman's yielding.

I should like to take this opportunity to commend the gentleman and the gentleman from Texas (Mr. PICKLE) for their great contribution in taking these special orders. I would hope as a result of the interest they have generated and the support they may obtain through this presentation we might see the President favoring a larger sum in the budget for REA. I would hope that our respected Appropriations Committee might come to the House with a bill providing for a larger appropriation for REA.

In conclusion, Mr. Speaker, I think it might be apropos to observe that it would certainly seem appropriate that the very distinguished and able gentleman from Oklahoma (Mr. EDMONDSON) would be in the chair presiding during this presentation, because his great contributions to the REA's are certainly well known and well respected.

Mr. RANDALL. Mr. Speaker, will the gentleman yield to me?

Mr. MELCHER. I am delighted to yield to my friend from Missouri.

Mr. RANDALL. Mr. Speaker, I rise to commend the gentleman from Montana and the gentleman from Texas for the time that they have taken. It is our belief that this subject is so important that we must not forget it and must call the program to the attention of the Nation from time to time.

Mr. Speaker, it is a privilege to join in this special order and to pay justified tribute to our REA's and to those who have participated in this present membership as well as many former members over the years who have worked long and hard to encourage and expand electric and telephone services in rural areas. Progress has been most noteworthy, but a lot of challenges still remain. In this age of change and progress, if you are not moving forward, you are really lagging behind. That is exactly what is happening in some of our rural communities.

With the prevailing low farm prices and the lagging populations, the rural areas find it difficult to maintain their status, much less to improve it. That is why it is so tremendously important and, as a matter of fact, of transcending importance that we try to locate some light industry in these rural communities. Of course, it is important to provide a few jobs and to try to keep some of the rural population in the rural areas rather than having them move into the already overcrowded cities.

Mr. Speaker, I will not take more time at this point except once again to commend those who have participated and those who have supported the program. I do not know where you start with priorities and where you stop, but I firmly believe that no amount of money which we can appropriate, whether it is for model cities, urban renewal, improving and eliminating ghettos, will ever do the job or do a job as important as what we are trying to do in the REA communities.

I say this because there will be a new ghetto which will be jumping up right beside the old ghetto. We will never finish our cities unless we can control their size. In this day of environmental concern for the relationship of man to his environment, there is nothing of any more importance than controlling the size of our cities. It is just as important as providing money for controlling water pollution and air pollution. I am talking here of the distribution of population—the chemistry involved in the living countryside.

There is also no substitute, in my opinion, Mr. Speaker, for a better distribution of our population in order to prevent further overcrowding in our cities. The only way that this will be arrested and turned around is to provide some means of alternative income with the technological advances going on the farms as such so that we will give a potential to the smaller communities in the rural areas which will prevent their moving into the larger cities. In order to do this we will require power and many other things to be furnished, such as recreation and housing. Certainly power is one of the most important. This is where the REA's are so vitally important. If there is one thing that all of the big city Members as well as the rural Members should be interested in, it is this. I do not know what to call it. You can call it rural redevelopment or something else. I would like to think there is a word that will sum it up, sum up the situation of our lagging economy. Call it rural revitalization. There is nothing more important if we are going to try to solve the problems of our cities.

That is why it seems to me there should be more and more of our colleagues from the big cities who have just as big interest in a healthy, well, and strong REA as those of us who have participated today in these special orders.

Mr. Speaker, it is a privilege to join in this special order to pay justified tribute to our rural electric cooperatives. Those who have participated, and many other Members and former Members, have worked long and hard to encourage and expand electric and telephone services. The result has been to light up rural America and to provide these long suffering citizens with much needed telephone service.

Progress has been most noteworthy. But challenges remain. In this age of change and progress, if you are not moving forward, you are lagging behind. That is exactly what is happening to many rural communities. With prevailing low farm prices and declining populations, most rural communities find it difficult to maintain services which have been developed much less improve them. Light industry might be able to provide jobs for young persons no longer needed on highly mechanized, technologically advanced farms and light industry could be located in our rural towns and smaller cities if only good electric service were available. If electric power is not available these small communities will be bypassed in favor of the big cities already overcrowded.

Mr. Speaker, I have long been concerned with rural community development, or as it has been called rural revitalization. We can and must bring the advantages of big cities to small cities and towns situated in the countryside, but let us remember there is no way to bring the country into the big cities. The fields and forests which are putting 3 or 4 tons of oxygen per acre into the air we breathe will hopefully not be overrun by a big city. Nor can we ever transport to a central city the open spaces and the green chemistries of living nature so important in this day of environmental concern. Only by decentralization of population and industry can some of these goals be achieved.

There are hundreds of small communities across the country that offer unlimited opportunities. While the situations vary from place to place, there are many impressive examples for companies to improve living conditions by locating their plants in rural America, which would further a broad program of national renewal.

First, we must come to the recognition that a town must have people and the people must have job opportunities if they are to continue to live there. The day is gone when a community can provide these requisites on a single source of economic support, be it farming, forestry, mining, or one-plant manufacturing. Without diversification in employment opportunities, people leave. Of course the more venturesome and enterprising go first. Then stagnation takes place, and the town begins to wither away.

Some of these towns may seem to stabilize for a while but at a level so low that

they are no longer good communities in which it is attractive to live.

When the unattractive stage is reached, rebuilding becomes more difficult. It is like managing any business. If the enterprise is permitted to run down, the customers lose their spirit and drive. It takes these same human qualities, vision and enterprise, to maintain a prosperous community.

Once a town has made a start by providing a new payroll to supplement the basic economy, which in most country towns is farming, it seems to take on a new life. The opportunities for further diversification or growth become better than anywhere else. A larger share of the people is benefited more directly than in a big city. Even a small payroll can start a chain reaction resulting in improvements and growth that seem to feed upon themselves.

Some opportunities can be created. The areas for future development in America can and should be our country towns. A good community must have job opportunities and sufficient economic diversification to offer young people some kind of choice and a clear challenge. The town must have good housing with sanitary facilities, paved streets, schools, churches, a hospital, recreational facilities, and some cultural interest.

In my judgment a clearer definition and more information is needed about the attractiveness of the countryside and its vast and varied resources in terms of better living. The majority of the American people would prefer to live in the countryside if they had this information and a choice to make a move.

A countryside movement would bring major opportunities to people and at the same time to industry. Jobs can be created in the countryside more economically than in big cities. The movement from the big cities to the countryside can revitalize a flagging national spirit.

In response to a recognized need, the President proposes to spend $1.1 billion on rural community development during fiscal year 1972. That sounds good. But there is more to the story.

The President would include rural development as part of his revenue sharing program. The money would be shared by all 50 States for fully discretionary spending to meet their rural needs and accelerate their rural development. Each State could use the funds as it sees fit. Missouri's share, for example, would be about $28.5 million. In addition, most of the $1.1 billion would simply be shifted from existing Federal programs into rural development revenue sharing funds for the States. Only $179 million would be new money for rural community development.

A natural question is what will happen to the Federal Government's existing rural development programs? That is up to the various States. The programs might be continued under State direction. Or they might be phased out if the States should decide to spend the money in a different way.

The latter possibility is disturbing. Here is why: About one-third of the President's rural community development funds for revenue sharing would be taken from Federal programs that traditionally relate specifically to agriculture.

Rural community development deserves greater emphasis. But such emphasis should not be at the expense of farmers and existing farm programs. Such a move would in fact be self-defeating in the rural development effort because farmers are the core of the rural community.

Mr. Speaker, I have long felt there is the need for legislation to revitalize rural America, in order to improve employment opportunities and to increase productivity. I introduced this year H.R. 1510 to encourage and aid the revitalization of rural America. This bill encourages the preservation and revitalization of America's human and natural resources in the nonurban sections of the country. The legislation requires the Secretary of Agriculture to designate job development areas; allows the Secretary to certify new industrial or commercial facilities as being qualified for job development area.

The Secretary is authorized under my bill to collect and publish data for the information and guidance of businessmen who want to establish job-creating enterprises in job development areas.

H.R. 1510 provides for an additional 7-percent investment tax credit under the Internal Revenue Code of 1954 for certified facilities. It allows an original owner who has certified facilities to be entitled to an income tax deduction with respect to the amortization of the adjusted basis. It would permit a taxpayer who has elected to take the amortization deduction to discontinue the amortization deduction with respect to the remainder of the amortization period.

Yes, Mr. Speaker, just as we have moved forward successfully to light up rural America, let us now encourage industry and commerce to locate in these small communities. The problems of poverty and unemployment must be met here before they become part and parcel of the already overburdened metropolitan areas. I remain confident the rural electric cooperatives will respond fully to any challenge that will help us reach these goals.

It is not often the opportunity exists for the people to change the course of the national trends for the betterment of all. Today, the opportunity exists. Seventy percent of the American people live on only 1 percent of the land of the United States, and this high concentration of population results in increased pollution, critical problems of housing and transportation, unhealthy living conditions and increased crime. My bill would encourage new job-producing enterprises to locate in the economically underdeveloped areas of the Nation, permitting local people to find employment in their home communities, and providing greater strength and stability to local communities. My bill is in contrast to the many plans which call for spending even more billions on projects in our big cities which have so far accomplished little, if any, substantial results. The hope of my bill would be to create a more balanced America—without the continued crowding of our great cities—but with a more pleasant life in the smaller towns and cities. If this hope is to be attained the rural electric cooperatives must be made ready to serve the power needs of the rural areas. There should be no higher domestic priority for either rural or urban Congressmen.

I thank the gentleman for yielding.

Mr. MELCHER. I thank the gentleman from Missouri for his fine comments.

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

Mr. MELCHER. I am glad to yield to my colleague from South Dakota.

(Mr. DENHOLM asked and was given permission to revise and extend his remarks and to include extraneous matter and tables.)

Mr. DENHOLM. Mr. Speaker, I commend and I join with the gentleman of Montana, the gentleman of Texas, and all of my colleagues participating in this special order today. It is a just and proper cause. I appreciate the opportunity to address myself to the issues involved in adequate funding of the rural electric cooperatives of this country.

Mr. Speaker, more than three decades have passed since the original poles spanned the prairies and crossed the cordillera regions of the vast inlands of America to many rural Americans for the first time.

Almost all of rural America was without electric power when President Roosevelt signed an executive order that established the Rural Electrification Administration on May 11, 1935. Early in 1936, Congress passed the Rural Electrification Act—S. 3483—and on May 20, 1936, the Rural Electrification Administration became a lending agency on a continuing basis for 10 years.

The loans approved in this early history of the rural electric program specified 25 years as a maximum loan repayment period, with the rate of interest determined by an average rate paid by the Government on its own long-term securities.

Most rural Americans had to wait until after World War II to have power on their farms and in their rural homes.

Electric power for many of the rural areas was not economically feasible on the terms and provisions of the original law.

Electrical power did not become readily available in South Dakota and in many other States throughout the Nation until the year of 1944. In that year, Congress passed the Agriculture Organic Act, popularly referred to as the Pace Act for its sponsor, Representative Stephen Pace of Georgia.

The REA would have expired automatically in 1946 without this legislation. The interest rate on outstanding and on all new REA loans was set at 2 percent by this act. The amortization period on loans was extended from 25 to 35 years.

Most everyone familiar with REA is familiar with the history of the program. The history is specifically significant because of a critical financing need affecting the rural electric cooperatives today.

When the Pace Act became law, a concept of greater obligation consistent with the intent of the legislation was imposed on the cooperatives.

The rural electric cooperatives were required to adopt "area coverage covenant" resolutions to qualify for loan funds under the REA program. In 1950, the principle of area coverage was incorporated into and made a part of the loan contracts.

The administration of the law by REA gave the rural electric cooperatives the burden of energizing electric lines to every remote area of our land. The obligation and purpose of 2 percent, 35-year loans was defined with certainty—electric service for all of rural America.

Rural electric cooperatives have performed according to the terms of the covenant and pursuant to the provisions of law. They have kept faith with the people against all elements of adversity. They assumed exposures and hazards in the electric industry unequaled in history. They made the required payments on principal and interest plus a performance record of prepayment on loans in a manner unequaled by any agency, benefactor or instrumentality of the Federal Government.

Because the cooperatives have fully performed the provisions of the covenant of area coverage—because they have kept retail rates as low as possible—and because of inflation, rural electric cooperatives now are confronted with a critical financing situation. The Congress has provided only part of the essential loan funds necessary for increased amounts of power to satisfy the current need of rural America.

Because of national economic and farm policies, thousands and thousands of the people that lived on the land have been forced to leave farm homes. The facilities that were constructed by rural electric cooperatives to provide electric service to rural families have in all too many instances become abandoned, disconnected and useless as vacated premises and "disconnects" mounted mile after mile.

The economic impact of the loss of revenue because of these abandoned farms and homes and the economic impact because of national inflation makes it essential that the Congress approve, at the very minimum, an appropriation of $555 million for REA for fiscal year 1972.

IMPACT OF INFLATION

I have reviewed the effect of inflation on the various facilities required to provide farmers with electric service in my home State of South Dakota and in our sister State of North Dakota. My examination has caused me to conclude that 50 percent more capital is required to finance facilities today than was necessary 5 years ago:

First. In 1964 a single phase line with No. 2 ACSR conductor cost $1,760 per mile. In 1970, the same facility cost $2,200.

Second. A three-phase line with No. 4 ACSR conductor cost $2,310 in 1964 as compared to $3,600 in 1970.

Three. The three-phase lines with progressively higher capacity have increased in cost proportionately—$2,500 per mile to $4,000; $3,040 to $5,000; and $4,040 to $6,000.

At the subtransmission level, rural electric personnel in South Dakota estimate that building 1 mile of 69,000-kilovolt transmission line costs 40 percent more now than it did in 1965. A mile of line that could be placed in service for $9,600 at the earlier date would cost at least $13,000 today.

The higher total cost of completed facilities reflects the increased cost of the various components. Labor costs in the Dakotas are 43 percent higher; wood poles have increased in cost by 25 percent; crossarms from 15 percent to 50 percent and substation transformers by 25 percent. Trucks cost from 50 percent to 60 percent more today than they did in 1965. The conductor is the one major component that shows no significant price change.

The price increases associated with the generation of electric energy are of great concern. In 1965 a modern and efficient coal-fired generating station could be built for a cost of $130 per kilowatt. The same facility will cost more than $200 per kilowatt today.

The figures that I have cited are some of the indicators that have caused me to conclude that the average cost of an electric system has escalated by at least 50 percent during the past 5 years. This inflation is not peculiar to South Dakota. It is true of the entire electric industry.

ABANDONED SERVICES

The fact that thousands and thousands of rural families have had to seek their livings elsewhere has imposed further economic hardships on the rural electric cooperatives and thus on the members still being served.

When thousands of families left the land and the farms became vacant the facilities constructed to serve those homes and farms became useless. Rural electric managers of South Dakota have advised me that the salvage of the facilities does not justify the cost of removing them. The lines and facilities to serve a typical farm or rural residence in South Dakota is about $1,000. If a cooperative has its employees remove a line to salvage the equipment, the salvage is typically about $300, assuming the transformer is usable in another location on the system. The cost of removal of such facilities can cost from $200 to $300 and consequently the cooperative cannot gain much by attempting to salvage abandoned and "disconnected" equipment.

In South Dakota there are now 11,128 such abandoned services. The facilities constructed to serve those now-abandoned facilities required an investment of approximately $11 million.

Yearly amortization cost—principal and interest—on a 2-percent REA loan with 35-year repayment schedule, is 4.5 percent of the principal amount.

Rural electric members of South Dakota are thus paying through their rates an additional $500,000 annually to cover the cost of providing facilities no longer needed.

Nationally, there are more than 700,000 such idle or abandoned services. The capital cost of providing such facilities is estimated at approximately $700 million and the cost to the remaining members is about $31.5 million annually.

The "charge off" costs or "loss" to the cooperatives vary from region to region. The computation of loss depends on the original investment—primarily the age of the facility.

National policy, decreed by the Congress, imposed on the rural electric cooperatives of this country a total capital investment of $700 million to be amortized by retail rates to members based on full use of the constructed facilities. Vacant farms all over the Nation are not consumers or users of such capital investment outlays that result in a cost that must be absorbed by the fewer remaining people of rural America.

It would be fully justified, in my opinion, for the Congress to authorize REA, by special legislation, to reduce outstanding indebtedness for each distribution cooperative by an amount equal to the investment in abandoned services.

At the very least, however, the Congress should provide adequate funds for the REA 2-percent, 35-year loan program for all of the requirements of the cooperatives.

A compilation by the National Rural Electric Cooperative Association shows a need for an appropriation of $962 million for fiscal year 1972 to take care of a backlog of applications—applications anticipated by June 30, 1971, and new applications for fiscal year 1972.

An appropriation of $350 million is about one-third of the total current obligation that Congress has to the rural electric cooperatives for providing area coverage service to all of rural America.

I have requested an appropriation of at least $550 million for fiscal year 1972. That is a reasonable request. It is an increase of about $200 million more than has been appropriated yearly over the past 10 years. It is essential that the Congress appropriate now an additional $200 million if a good faith attempt is to be made this year to satisfy the existing need. I urge the Congress to invest in a proven program—to invest in rural America the sum of $555 million to bring the committment of Congress current in adequating funding the pending applications of the rural electric cooperatives of this country. This is an obligation that must have the immediate action of the Congress. I urge that we proceed accordingly.

Mr. MELCHER. I thank the gentleman for his very down-to-earth and extremely pertinent remarks.

Now, I yield to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I thank the gentleman from Montana for yielding me this additional time.

Mr. Speaker, I would like to discuss very briefly two items that have not been commented on here today, and then if I may—and if my colleague will yield me the time—I would like to make a few summary remarks about the comments that we have made today.

G. & T. FUNDING

I would like to turn to one of our most difficult problems—the problem of the generation loan. For over 2 years, REA has not approved a single loan to cover the full cost of any major generation unit. And in some ways, this is understandable—generation loans are usually large. One loan can make a substantial dent in the total fund for the year.

Yet, we must have them. They are essential to keeping the cooperative bargaining position strong when the distribution co-op goes out to purchase power. With the embargo on generation loans, Georgia co-ops are now being asked to pay 35 percent increases. Western Kansas co-ops were threatened with a 7.3 percent increase in wholesale power prices. I know many others of you have run into similar problems in your own States.

I do not know the answer to this dilemma, but I know we must find one if we are to continue to provide rural America with good electrical services at rates comparable to that offered by other utilities.

There are 939 rural distribution systems and only 49 power supply systems.

I am mindful that many cooperatives have good working relations with river authorities or with the private investor organizations. That is good, and should be encouraged. But a fundamental source of G. & T. power for cooperatives must be maintained. Yet, REA has imposed a virtual embargo on new power supply loans.

RATE REQUIREMENTS

Mr. Speaker, on another matter, REA Bulletin 112–2 says the primary concern of REA is to insure that borrowers' rates are sufficiently high to maintain a sound financial profile, hence the borrowers will be capable of making principal repayments.

Selective provisions of that bulletin are:

1. Borrowers *are required* to give REA 90 day prior written notice of proposed change in rates.

2. Procedure should be established for adequate hearing of consumer complaints.

3. REA will review proposed changes to determine if they are "adequate to support loan feasibility" and conform to mortgage requirements.

4. REA will provide technical assistance to borrowers in developing rate.

5. Consumers *should* be notified at least 60 days prior to effectuation of revised rate. *Should be* sent to home of consumer.

Federal Power Commission requires that electric systems serving cities greater than 2,500 report rate changes, *whether or not* such systems are otherwise subject to the jurisdiction of the Commission.

There are pending before FPC at least nine major wholesale rate increases filed by power companies which supply power to rural electric systems in nine separate States.

Recently I addressed the House on the matter of rate increase notices and pointed out that I felt all cooperatives should give written advance notice, and possibly advertisements in the newspapers, that a particular cooperative might recommend rate increases. It seems to me that this is the democratic and the fair way to vote on pending rate increases. I am convinced that the average cooperative member will vote to increase the rate if that member is given full and supportive facts that the rate increase is necessary.

This recent bulletin of REA goes a long way toward improvement of the situation which exists today. REA is to be commended for requiring 90 days' notice that a cooperative intends to increase its rates and REA is to be commended for requiring supportive facts concerning the rate increase.

I think that the national cooperative could and should go one step further, that is, to require in the mortgage agreement that the members of the cooperative likewise have been notified. I have brought this subject to the attention of REA here, and received replies from the Deputy Administrator of REA, Mr. E. C. Weitzell. Mr. Weitzell points out that REA is a credit institution and not a regulatory body and that, as such, the national REA organization cannot force any requirement in the event that the cooperative failed to give notice to consumers. However, the REA does admit, I believe, that it could require this in writing, but they are not certain that it could be enforced. I think that point may be a legitimate reservation, and I must accept the legal problems involved. However, I am still of the opinion that the requirement could be made, because I think that would go a long way to cure any problems that might exist in this area, namely, we could be certain that the cooperatives would give notice.

In my district, the members of the REA cooperatives are some of the very finest people in the counties. They serve without pay and serve many hours each month for the people of the area. They have done as much as anyone in the preservation of the integrity of rural America. I commend them for their unselfish services. Many of these people have spent years with the cooperatives and given the best years of their lives to this effort. I would think that these men also would want to be certain that full notice is given.

Today I wrote to Mr. Weitzell in reply to his correspondence. I appreciate his exchange of views and believe that we can resolve this problem in spirit, if not in fact, by further precautionary requirements.

Somewhere in this sticky problem lies the relationship and jurisdiction of both the State REA associations and possible State regulatory action. It ought to be made plain that the Federal Power Commission has no jurisdiction over REA cooperatives; I want to see my cooperatives and my State associations or my State take the initiative to be certain that this controversy does not become involved with Federal agencies.

As a whole, rural electric rates are higher than that of city consumers. This is necessary because of the distances involved in providing the service and in securing power. Therefore, it is incumbent to always take every step to be certain that only absolutely necessary raises are granted and that these raises can be defended in every respect and approved by the consumers.

SUMMARY

There can be no doubt that the needs of our electric cooperatives are great. They must be given help. There is not much time left to give them this help.

The administration may claim that the loan program today is as large as it was 6 years ago. That is technically correct, I suppose. But, if the appropriation of all our agencies were the same today as they were 6 years ago, then many of our governmental agencies would be approaching bankruptcy—or nearly so. It is not enough to repeat "we are loaning or advancing at the same $345 million level as we did 6 years ago." That is making no progress—when inflation is eating up the cooperatives. That level should be almost doubled.

Additional funds could come from:

First, additional appropriations—up to $555 million;

Second, enlarge the CFC—and quickly;

Third, create a REA bank bill, if CFC is not adequately funded; and

Fourth, private sources or private financing.

Our cooperative reserves are getting too low. Our cash advances are too small—and much like pulling our eye teeth. If we do not have a revolving fund, it is mighty close to it. And it has taken the last month of the fiscal year—the 11th and one-half hour, to finally get the full, yet inadequate, sums.

In making this statement today, we do not intend to level criticism at the REA, or the cooperatives, or the State associations, or the State legislators, or Congress itself. The purpose is to bring attention to this great need and to ask that positive steps be taken to improve the overall financing and operation. The REA Administrator, his deputy, and his personnel at the REA, are able and dedicated men. Mr. Hamil has served with great distinction in previous years and serves with equal good service now.

These remarks must not be interpreted on a personal basis. They are made in the hopes that all of us can work together in finding a better answer immediately for financing our rural electric cooperatives. If any statement has been made today that is not factually correct, or which might be exaggerated, I know every Member would want this fact called to our attention. We would hope that other special orders and occasions would be reserved to talk about these matters.

I wish to thank all Members for their contribution today, and again I want to thank the gentleman from Montana.

Mr. MELCHER. Mr. Speaker, I thank the gentleman from Texas for being the prime mover and for obtaining his special order this afternoon.

Mr. Speaker, I think the message that has been presented by the gentleman from Texas so ably and also the contributions made by other Members of the House pinpoint the extreme need that the REA's are facing right now.

Mr. Speaker, I too join with my colleague, the gentleman from Texas, in thanking all the Members who have participated this afternoon in this discussion of a very important problem.

Mr. PRICE of Illinois. Mr. Speaker, the

rural areas of my district depend upon four distribution cooperatives centered in neighboring districts. Some of these cooperatives in turn are members of generation and transmission cooperative systems. Contemplated application for power supply loans by these G. & T. systems, for fiscal year 1972, approaches $7 million. The situation has been summarized well in "Power Supply Systems: Starved for Capital," an article by Donald Cooper, senior REA and cooperative specialist at NRECA, in the June issue of the Association's Rural Electrification magazine. I commend this article to the attention of all Members of this body, and I include it in the RECORD at this point:

POWER SUPPLY SYSTEMS: STARVED FOR CAPITAL

While other segments of the electric industry are putting more money into generation plant, rural electric cooperatives face a capital squeeze of unprecedented proportions and are putting less money into generation.

Electrical World's survey of capital expenditures for 1971 shows planned increases over 1970 in spending for generation by investor-owned companies, by municipal, state and power district systems, and by Federal agencies—but a cut for member-owned cooperatives.

So far as the industry as a whole is concerned, the drying up of capital for additions to generation plant of the REA-financed rural electric systems is no great calamity. Cooperatives own and operate only 1.4% of the total installed generating capacity in the United States. If only power-type REA borrowers are counted, the percentage of the industry total is even smaller.

But for the rural electrification program, the capital gap is restricting additions to generating plant at a time when more consumers are moving into areas served by the rural electrics, when power consumption is increasing, and when some power suppliers are raising their wholesale rates. It is also a time when there is a perilous power shortage throughout the nation. The Federal Power Commission has warned that all but one region of the U.S. lacks adequate reserve generating capacity.

GENERATION LOANS TRAILING

REA loans in 1970 for generation plant made up the third lowest total since 1959. The amount was $52.2-million.

Because some individual loans for generation have to be for very large amounts, the total can vary widely from one year to another. For example, the total for generation purposes in calendar year 1968 was $131.7-million and only $35.2-million in 1969. The 1968 total was the largest on record. It included the $97-million loan to Basin Electric Power Cooperative and three other G&T loans in the neighborhood of $25-million. The total for 1969, by contrast, was the second smallest calendar year total since 1959.

To be sure that a very low figure in one year is not offset by a large figure in the next year, we can add two consecutive years together. When we do this, the combined total of loans for generation in 1969 and 1970 is less than for any other consecutive two years since 1958 and 1959 together.

The drying up of capital for generating power in the rural electrification program is, then, a very real shift in trend, and not just a short-term happenstance.

That the record shows a drop from an all-time high of $131.7-million in 1968 to a low of $35.2-million in 1969, and another low of $52.2-million in 1970, should come as no surprise. The REA Administrator has been saying right along that the G&T program was going to be put on the shelf insofar as regular loan priority is concerned.

In addressing the NRECA Annual Meeting on March 17, 1969, shortly after taking over REA responsibilities for a second time, Administrator David A. Hamil said:

"We shall make generation and transmission loans when they help you participate in power pooling and sharing arrangements with other power suppliers in the area. This has proven the most practical way to hold down investment costs for everyone, both in transmission and generation. When you look into the potential savings, it is much easier to interconnect and pool with your neighbors, whether you like them or not."

In the same speech he indicated loans would be made for self-generation, but placed emphasis on conditions to be met

By the time of the 1969 regional meetings, the Administrator was saying:

"I know that many cooperative directors, managers, and members are questioning whether the benefits of the G&T ventures to which they are committed will ever materialize. As a matter of fact, some cooperatives now wish they had slowed down when they approached that particular corner."

On January 14, 1970, Deputy Administrator E. C. Weitzell told the Oklahoma Association of Electric Cooperatives:

"We cannot afford to let ourselves be drawn into philosophies and ideas that give rise to questions about the need for the REA program. Our emphasis must be on loan security and service to consumers rather than on building big organizations and big investments in duplicating and completing facilities."

Public Utilities Fortnightly carried in its June 4, 1970 issue an article by the REA Administrator which said:

"To some extent, the need for power supply loan funds will be determined by the willingness of investor-owned power companies to work with the cooperatives in power sales or exchange arrangements and in coordinating future construction. Our policy in REA is to encourage greater cooperation with power companies toward lower-cost power and longer-term commitments."

REA made two loans to power-type borrowers for generation purposes at the end of July 1970. Fifteen million dollars to Central Iowa Power Cooperative and another $15-million to Corn Belt Power Cooperative were approved for the purpose of participation in a proposed 550,000-kilowatt nuclear generating plant to be constructed and operated by the Iowa Electric Light & Power Company.

Since that time, there have been no REA loans to power-type borrowers for generation in the rural electric program up to press time for this article. A loan was announced July 24, 1970, to expand generating capacity of a distribution cooperative in Alaska. There have been transmission loans—11 of them amounting to $72-million during calendar year 1970 and the first four months of 1971.

APPLICATIONS ON HAND

The lack of loan approvals for generating plant capacity should not be mistaken for lack of need. REA's April 1, 1971 list of loan applications on hand showed 17 from power supply systems (G&Ts) totaling $226,370,000. The applications are for capital to be used in both generation and transmission.

Proposed additional plant capacity totaling 939.1-megawatts is included in eight of the applications on file. In addition, REA accepted applications from 16 distribution systems in Ohio for loans totaling $11,776,000 which would be used for participation in additional generating capacity for Buckeye Power, Inc. (not an REA borrower).

To put this in perspective, it is hopeful to know that installed capacity in all REA-financed generating plant in the U.S. (excluding the Puerto Rico Water Resources Authority) is 5,010.1-mw. Of this, 4,610.4-mw is owned by cooperatives.

Looking back at the REA backlog of loan applications again, the list shows that two of those for additional generating plant capacity have been on file since 1968. One has been on file since January 1969. The rest were submitted since the start of the 1971 fiscal year.

NRECA's annual loan needs survey revealed the intention of power supply systems to submit applications to REA in the first six months of 1971 amounting to more than $84-million. A little over $20-million already has been applied for and is now included in the backlog figure. Between July 1, 1971, and June 30, 1972, G&T systems plan to submit loan applications which will total more than $193-million.

Adding the backlog of G&T loan applications on hand ($226.4-million) and applications which G&T systems expect to submit by the end of the 1972 fiscal year ($257-million) gives a total of more than $483-million in capital needed by July 1, 1972.

Therefore, even if the full amount of budget request for fiscal 1972 were to be used for G&T loans, it could not cover the requirements.

And REA has already made it clear that distribution borrowers will get first claim and the larger share of available loan funds.

WHAT'S TO BE DONE?

If the capital gap for the G&T's had developed earlier and more slowly, REA and the Congress, by working together in consultation with rural electric borrowers, could have anticipated need. Even so, it can be recalled that strong legislative efforts were made in 1966 and 1967 to set up a rural electric bank to provide the scope of financing need already foreseen that far back.

The capital crisis has opened up at a time when the Administration has not asked for enough appropriations to take care of loan needs. This is also a time when the rural electrics' own financing institution has been in existence only long enough to make a beginning in its task of raising capital from non-government sources.

At the end of three years, CFC expects to have $118-million from its own member systems. This will go into electric loans which in turn will provide a securities portfolio permitting CFC to borrow in the commercial money market. One can foresee a point in time when CFC can bridge a substantial portion of the capital gap for power-type borrowers.

"What to do right now?" is the question for which G&T managers and boards are seeking answers.

REA officials are urging borrowers to plow their general funds into plant construction, but for the considerable number of G&T borrowers with very low general funds this provides no answer.

Administrator Hamil told the Senate Subcommittee on Appropriations for Agriculture in April that REA was prepared to make a number of loans by the end of the fiscal year which will contain "either full financing or seed money for about 1,425 megawatts of generation." His statement to the subcommittee estimated that about $73-million of fiscal 1971 loan funds will make it possible for the cooperatives to obtain an estimated $320-million of financing from other sources. He said that "the prospects for moving away from complete dependence on REA loans to finance required G&T expansion . . . are improving almost daily."

When Governor J. K. Smith addressed the NRECA Power Supply Conference in mid-April, he reported that CFC already had a

number of loan applications for power supply facilities under study. He warned against looking for G&T financing on a hit-and-miss pattern. He showed how this would waste money and resources and still not develop a useful program.

His proposal was to create a committee representing power supply systems, CFC, REA and NRECA which would develop acceptable patterns of financing using all available sources of capital in best proportions suited to each loan application. He would include in this approach a long-term and realistic look at projections of power demands, total capital needs for power supply systems, possibilities of power pooling, and ownership of generation plants.

Governor Smith sees CFC as a financial coordinator and believes it can arrange loan capital for any feasible project, given a little time to get organized.

Meanwhile, NRECA General Manager Robert D. Patridge has asked the Congress to make clear to the Administration:

(a) that G&T loans are an important part of the total program, and

(b) that some part of the G&T loan program must be used to strengthen directly the bargaining power of rural electric systems in negotiating wholesale power rates.

NRECA is pointing to $804-million as the total loan need in fiscal 1972. As a barebones minimum for survival, the appropriation will need to be an amount large enough to equal the new applications during those 12 months—to prevent the situation from getting worse—and to make a start at absorbing some of the current backlog.

This would put an end to the starvation diet for rural electric systems and restore consumer-owned generation as an integral part of the program, as originally provided in the Rural Electrification Act.

SPENDING FOR GENERATION

	1970 (millions)	1971 (millions)	Percent change
Federal agencies	$857	$991	↑8.6
Investor-owned companies	5,430	6,619	↑21.9
Municipals, State and power district systems	501	760	↑51.6
Cooperatives	49	39	↓20.4

↑ Increase.
↓ Decrease.

Mr. ALBERT. Mr. Speaker, a new trend in the building of rural America, catalyzed by the rural electric cooperatives, was reported recently in the Wall Street Journal of May 28. We associate the rural electric co-ops with the lighting of America's farms and many are not aware that the co-ops, as most other things today, have taken on a new look. The co-op is usually the biggest single business organization in any rural community and is most aware that their growth is stymied by facilities shortages. It is perfectly natural that the co-ops should branch out and become community activists in obtaining such nonpower projects as housing, schools, hospitals, parks, swimming pools, jobs and job training, sewer systems and recreational facilities.

My district is fortunate in having nine very active rural electric cooperative headquarters which are taking the lead in many agricultural development areas. For instance, in Wilburton, Okla., in my district, the Kiamichi Electric Cooperative established a nonprofit housing co-op which is constructing more than 100 homes for low-income families.

The Wall Street Journal article describes a number of projects to revitalize the small towns and country areas of many States from Maine to New Mexico, Wisconsin to Texas. I was interested to read that three out of 10 co-ops are now involved in projects to sell rural America and boom the regions they serve. I am glad to see these new directions and glad to be among those who can point to co-op projects which will build up the communities in my district. I am for the revitalization of rural America and I commend the new leadership role of the rural electric cooperatives. The article follows:

BRANCHING OUT: RURAL ELECTRIC CO-OPS DIVERSIFY IN ATTEMPT TO KEEP MORE CUSTOMERS DOWN ON THE FARM

(By James C. Tanner)

LAFAYETTE, LA.—An aggressive new business is beginning to surface in small-town America. It is called a rural electric cooperative.

By name at least, the nonprofit consumer-owned co-ops known as rural electrics are old-timers. Farmers started them in the 1930s with 2% loans from the Rural Electrification Administration. They drove the kerosene lamp from the countryside, only to find that more than bright lights were needed to keep people down on the farm.

But now the rural electrics are making a comeback—by shedding the farmer image and by becoming activists in their communities.

This new approach by the rural electrics has made a homeowner out of Rodney Savoy. The 23-year-old truckdriver from nearby Scott, La., had given up on getting a home loan until he attended one of the meetings on housing being held in this area by Southwest Louisiana Electric Membership Corp., or Slemco, of Lafayette. The co-op steered him to the Farmers Home Administration for financing and told him how to apply. Mr. Savoy now is building a three-bedroom brick house.

Thanks also to Slemco's efforts, a new school for mentally retarded children is being built in the little town of Iota. At the town's request, Slemco helped Iota make a pitch in the Louisiana legislature for the school.

BOOSTS PLANT, HANDLES HIRING

The Lafayette co-op gets considerable credit, too, for a yarn products plant under construction at St. Martinville. The plant will provide 1,000 jobs for the area, reports U. J. Gajan, general manager of Slemco. He should know. After helping St. Martinville get the new industry, he sent Slemco staffers to the town to screen job applicants for the plant.

Around the oil fields, rice paddies and crayfish and catfish farms of Cajunland—this French-speaking part of south Louisiana—Slemco is considered somewhat of a swinger. Its annual meeting of consumer-members draws more than 10,000 and is considered one of the biggest fetes of the year in Lafayette.

Slemco isn't a typical co-op. With 38,000 consumer members, it is one of the largest, if not the biggest, in the nation. But its change in emphasis to community development is being shared increasingly by the other rural electrics.

The co-ops are sponsoring and promoting, and in some cases building, new houses, schools, parks, golf courses, swimming pools, hospitals, resorts and factories in the rural areas. Samplings of scores of the nation's 1,000 rural electrics indicate that at least three out of every 10 are involved in such nonpower projects in the regions they serve, and the trend appears to be snowballing.

"We've got to make the rural areas more palatable to stop the migration to the cities," says W. V. Thomas, general manager of the Wisconsin state association of rural electrics.

Growing evidence suggests the migration already has stopped and perhaps reversed. With new highways and the clean air of the countryside beckoning, more urbanites are moving to smaller towns and commuting to jobs in the cities. Many others are building weekend and vacation homes in the rural areas. "Everybody wants his five acres in the country," says a Texas co-op official.

Obviously, the rural electrics are beginning to benefit. Nationally, these co-ops have 6.5 million meters linked to their lines and are expected to add at least 150,000 more this year. More than half of the 20 million to 25 million people provided power by the co-ops, based on four persons per meter, already are "nonfarm" (electricity users who may live on the farm but don't make their living there), and seven out of eight new customers of the co-ops fall in this category.

The metamorphosis in membership rolls is reflected in part by the changing attitudes of the co-ops. "To say we took the lantern off the farm means nothing to most of our members now," says Ronald J. Knouse, manager of member and community services for Blue Ridge Electric Membership Corp., Lenoir, N.C. He notes that only 10% of Blue Ridge's customers derive most of their income from farming today, versus 90% 25 years ago.

Even so, the so-called investor-owned and municipal power companies are continuing to cut into the territories of the co-ops, leaving many of them only with still-sparsely settled regions. And many of the residents of these regions are among the nation's poorest.

UNIQUELY EQUIPPED CATALYSTS

An estimated 14 million impoverished Americans live in the rural areas. Some 50% of all rural housing is said to be substandard, compared with an estimated 14% in urban America. One South Carolina co-op surveyed just one of its counties and found that 40% of the 7,000 houses had no toilet facilities.

Armed with such evidence, South Carolina's rural electrics are launching "Stand Tall" programs throughout the state to develop jobs and job training and to provide housing, water and sewer systems, schools and recreation for the rural poor. "These are the people who would go on to the slums of the cities if not helped and become dope addicts," says a spokesman for the state's electric cooperatives.

The co-ops have their own interests at heart, of course. J. U. Gajan II, director of power sales for Slemco, notes that the co-ops can increase their electricity loads by improving the lot of their customers. "We're not really looking at it moneywise—it's hell to be poor—but if we can move someone from a $2 a month house to a $5 a month (electric bill) we're helped too," he says.

Whatever the motive, the rural electrics appear to be uniquely equipped to become catalysts for a turnaround in rural America. "The co-ops, usually the largest single business organizations in their communities, have a corporate citizen interest in this whole matter," says Robert D. Partridge, general manager of the National Rural Electric Cooperative Association. "Many millions of future Americans," he adds, "are going to have to have jobs and live in what are now rural areas. The cities can't absorb them, and the co-ops need these additional consumers to offset their loss of farm consumers."

A PUSH IN HOUSING

Other observers agree. "It's the greatest development idea beyond the city limits," says David A. Hamil, administrator of the Rural Electrification Administration, which still provides financing of around $345 mil-

lion a year to the co-ops but only for power purposes. And Congressman Wright Patman of Texas told the co-ops at their recent Dallas convention: "Slowly we are making headway in this area, but the rural electric cooperatives must still provide the nucleus of any new efforts to revitalize rural communities."

If anybody's unhappy about the co-ops' expanded activities, in fact, it's mainly the investor-owned utilities who don't get the benefit of low-cost government loans for their power facilities. Utility executives grumble that if they were able to get 2% loans, they, too would have more profits left over for community development activities.

The biggest push by the co-ops is in housing. Their national association lobbied through Congress a liberalization of lending policies as well as additional funds for the Farmers Home Administration. On the home front, the co-ops began vigorously rounding up home-buyer prospects to use up the $1.5 billion the Farmers Home Administration has available this fiscal year.

The result has been a flood of home-loan applications into understaffed FmHA offices. Mills J. Vautrot, assistant county supervisor for the FmHA office in Lafayette, says he is closing twice as many housing loans this year.

Many co-ops have begun helping process loan paperwork for the FHA. A North Carolina rural electric hired an additional man for this pupose. Some co-ops have put on, or at least assigned, as many as four staffers to handle FmHA loans. At Jackson, Ga., the co-op's "Power-Use Organization," wives of consumer-members of Central of Georgia Electric Membership Corp., has made housing its club project this year. "By financing homes for them, we can hold people in the country and keep the poor devils out of the city," says Robert F. Armstrong, manager of the Georgia co-op.

JUST A COINCIDENCE

Some co-ops are going even further on housing. Wisconsin's rural electrics set up a statewide housing cooperative that is using government grants and loans to construct homes for the rural poor. Similarly, at Wilburton, Okla., a nonprofit housing co-op recently established by Kiamichi Electric Cooperative is constructing more than 600 homes for low-income families. It is so coincidental, the co-op says, that the houses are all-electric.

But houses alone aren't enough, the co-ops figure. So they are pressing for some amenities, too.

In Texas, the rural electrics have helped establish several hundred water districts and are involved at the moment in developing LBJ State Park, named after the former President. In New Mexico, electric co-ops rode to the rescue of a narrow-gauge railway abandoned by the Denver & Rio Grande Western Railroad. A resulting two-state joint venture begun by New Mexico's rural electrics has salvaged a 67-mile stretch of scenic route in Colorado and New Mexico. It will be reopened this summer for tourists and narrow-gauge railroad buffs.

Clinton County Electric Cooperative at Breese, Ill., helped establish a junior college at nearby Centralia and then got behind community campaigns to improve medical facilities. One of the co-op's officers headed a financing drive that resulted in a new 100-bed hospital. Now he directs a group that's trying to bring in more doctors and nurses. The organization already has netted one new doctor with its campaign this year.

PLUGGING RURAL VIRGINIA

Jobs are important, too, and that's why the co-ops are hustling for new industries for their areas. Earl J. Shiflet, executive manager of Virginia's statewide association of electric cooperatives, now spends half his time making speeches in the cities to plug the industrial attractions of rural Virginia.

North Carolina's Blue Ridge Electric says it has brought nine industries to its area in the past 12 months. They include textile, woodworking, metalworking and furniture plants and provide 1,200 jobs.

At Medford, Wis., Taylor County Electric Cooperative puts up seed money to get new industries started. It's also keen on airport improvements, perhaps because its 68-year-old manager, Charles W. Berglund Jr., got his pilot's license last November.

Georgia's statewide co-op association recently hired an industrial-development specialist who's trying to fill the state's empty buildings with new firms. "Cotton is dead," says a spokesman for the Georgia co-ops, "and there seem to be a lot of vacant warehouses."

Eastern Maine Electric Cooperative parlayed a vacant warehouse, it owns, into a thriving new industry for Calais, Maine. The industry, a shirt factory, did so well it has moved into its own new plant. Now the co-op is trying to get someone else to occupy the warehouse, and a winemaker and a paintbrush manufacturer have expressed interest. "This is the grass roots," says Robert V. Clark, manager of the co-op, adding: "If it doesn't start here, it doesn't start."

Mr. ASPINALL. Mr. Speaker, it is a pleasure for me to join with other Members of the House today in recognizing the accomplishments of the rural electrification program. Coming as I do from a State with its share of remote areas, I am especially conscious of the contribution our rural electric cooperatives have made in bringing the amenities of modern day living and the tools for up-to-date farming and ranching to the far corners of Colorado.

Recent figures from the Rural Electrification Administration show that the 25 rural electric systems in my State provide service to some 120,000 rural consumers. To do this job they have constructed more than 42,000 miles of line—enough to stretch from here to Denver and back more than 12 times—and have invested more than $209 million.

Some 1,000 employees work at the many jobs involved in providing dependable electric power to homes, farms, industry, and business of rural Colorado. Another 250 rural leaders serve as directors, guiding the growth and development of these consumer-owned systems. These same men are leaders in all aspects of the communities. They are engaged in agriculture, as bank directors, church leaders, FFA leaders, in 4–H and other youth activities, serve on school boards. They direct water associations and sanitation districts plus many other community programs.

It is only natural, then, that providing adequate and dependable power is only part of the contribution these rural electrics are making to the well-being of Colorado.

They are committed to the goal of a healthy, vital rural America with the social and economic advantages every citizen wants and needs.

Last month it was my privilege to join other members of the Colorado congressional delegation as guests at the annual dinner given by the Colorado Rural Electric Association here in Washington. At that dinner, Bob Cleveland, general manager of the association, outlined for us some of the problems facing rural electrification and the commitment of the rural electric systems to solving these and other problems facing rural America. I would like to share his remarks with you, as follows:

WE ARE CONCERNED

(Remarks by Robert N. Cleveland, General Manager, Colorado Rural Electric Association, May 10, 1971)

Rural electric people are the kind of people who are always concerned. We are concerned about the other man; we are concerned about the economy. These are the same concerns that you, the elected representatives of the people must have.

This evening, however, we want to express our concerns about the rural areas of this country—the people *we* represent.

Much has been said about this segment of our population lately. Just recently the President stated that he was recommending a billion dollars additional be spent in aiding the development in rural areas.

Sociologists are expressing concern over additional population outmigration from rural areas. Much to-do has been made about creating jobs in rural communities. Recently Senator Talmadge, chairman of the Senate Committee on Agriculture and Forestry asked that Congress be given an annual report on the availability of telephone, electric, water, sewer, medical, educational and other regulated services in rural areas. This report would also require the president to outline his efforts to improve these services each year. This report would be used by the Congress and the Federal Government to determine where improvements were needed. In our own State of Colorado, the Governor has announced that the efforts of state government will be toward channeling industrial growth to areas other than Denver, Fort Collins, Colorado Springs, and the rest of the front range area.

The leaders of rural America hear these platitudes and are waiting for the action to take place.

Critics of the farm programs point to the "give-away" programs as abuse by the farmers of congressional effort. I would say to you tonight that the receiver of any subsidy to agriculture is not the *producer*, but the *consumer*. The producer is feeding twice as many people as he did ten years ago, but falling further behind in the economic sector. All the while, the consumer spends less of his dollar on food and fiber.

But you know this story—you are familiar with it. Let's discuss with you what together we might do in the way of a solution. First, if we are to have growth in rural areas, we *must have available fair-cost electricity*. We all recognize too that this is the "embryo" which permits growth.

If a rural community is to develop, it must provide certain contributing factors to that development, and electricity is one of them.

Mr. Williams has described to you our service areas—75% of the geographic area of Colorado with 25% of the people. For the last 35 years, we have provided electricity to these areas of Colorado. Some of them have grown because of the availability of that power. We have seen the Vails, the Aspens, the Crested Buttes develop. Now we have a Kodak, Colorado, coming on the line.

We have been doing this job with limited resources and with a lot of our own internally generated resources.

A few years ago, we were asked to help balance the payments to the treasury. Because "we were concerned" we did help. We increased our advance payments to REA. More recently, we have been asked to reduce our reserves by spending them for sys-

tem improvements. Because we were concerned, we were glad to do this.

We have also been asked to amend our loan applications and shorten the period that the funds in the applications will cover. Because of our concern, we have done that also. We have established our own bank to help attract outside financing as a supplemental source.

All of these approaches to our many problems have been taken. Because of the "concern" first for *our* problem and second, the concern for *your* problems of funding the federal expenditures we have participated in these self-help programs.

But today, in spite of these measures, we are "up against the wall." No one needs to tell you of the Power Crisis in this country. Even the May issue of "Playboy" magazine has written about it. With the demands for power by this society in America, it is going to take the total resources and skill of all sectors of the power industry, the private, the public and the cooperatives. We feel that the old fights between these groups are diminishing as the power requirements continue to grow. We saw this past winter the need for TVA to supply Con Edison when the nation's biggest utility lost a generating plant. And the consumer of those kilowatts cared little where they came from.

Congress has been appropriating $345 million to REA for loans each of the past several years. We have depleted our reserves to meet the critical needs not met by appropriated funds. Surveys of power needs by our national association (NRECA) indicate that $530 million in new applications will be submitted during fiscal year 1972. This, combined with a backlog, leaves a total need for $804 million. CFC can handle only a small part of this need. Perhaps $50 million. This leaves a real need for $754 million.

Within the next year, we must start some new generating plants. Some of these must be in Colorado. Colorado-Ute on the Western slope will ask REA and CFC for $26 million. Its planning for the need of this plant is done. Tri-State, which serves the Northeast part of Colorado, must find an answer to its power requirements. It is presently making studies, but whatever its source, it will take money—big money. Ark Valley G&T, in the Southern part of the state, is in the same shape. It, too, is carefully studying its problem. Even if the distribution associations can meet part of their own financial problem, the funds for generation facilities are upon us. To give you an example of the cost factor facing us—when the Colorado-Ute Hayden plant was built ten years ago, the cost was $140 per installed kilowatt. Today a new plant is estimated to be $320 per installed kilowatt. More than double. Part of this is due to the ecological factors, but we want to be good citizens and do our part in the fight against pollution. We assure you that any plant we plan will have the latest anti-pollution devices installed in it. According to the 1972 loan fund survey of our national associations, by June 30, 1972, our Colorado distribution associations will have filed applications demonstrating a need for more than $31 million, and our G&T's will need some $42½ millions for a total of nearly $74 million.

Perhaps part of our generating problem may be solved by joining with the cities and sharing with them in generating plants, built and financed by municipal bonding. We ask you to consider carefully any proposals to Congress that will help with the legal ramifications of such a proposition.

We also have other concerns in this rural development picture. Two weeks ago we participated in the forming of a rural housing advisory committee to Farmers Home Administration. One of the big problems brought out by builders at this meeting was the fact that it takes a week to close a house sale with Veterans Administration or Federal Housing Administration, but nearly four months with the Farmers Home Administration. We are concerned with the reorganization of the Department of Agriculture—not so much with losing the name of an important department of government, but more with the loss of services that have been important in the development of the rural area. It concerns us that there is a thought of dropping federal funds for the Cooperative Extension Program. This program has been the educational and informational arm of the farmer and rancher for 52 years. In the reorganization, no plans have been announced for the replacement of this service.

Who will carry out this function if we are to implement an accelerated rural development program?

Rural America is at a crossroads. The institution of the family farm is there also. If this segment of our population continues to be "spun off" from the rest of the economy, it will not be just the individual farmer and his family that suffers. He has the fortitude to stand the gaff. He has the ability to find other employment. But it will be a nation as a whole who will miss the support of this kind of people.

Too often today in this traumatic world in which we live, we tend to look back and say "if." Let's not do this with rural America. Let's not do this to rural electrification, or the other programs that have been so important in making this country the number one agriculture producer of the world.

Let's build together for a better tomorrow—we promise you our cooperation—we say to you the members of Congress, "We are concerned."

Mr. NATCHER. Mr. Speaker, I have always been proud of the way our Nation's rural electric cooperatives tackled a job that many said could not be done. They have demonstrated that local people, with the help of their Government, can accomplish the impossible.

An important ingredient in this success has been the leadership qualities of the rural people who built their own electric systems. I am especially pleased that the State of Kentucky continues to provide an important segment of the leadership for the national rural electrification movement.

As many of my colleagues know, our rural electrics have been facing a capital crisis for many years. We simply have failed to provide the resources needed to fully meet the fast-growing need for capital to finance the progress of rural electrification.

But, once again, rural electrics have demonstrated that "where there's a will, there's a way." They have formed their own self-help financing institution, the National Rural Utilities Cooperative Finance Corporation—CFC.

Through this unique organization, rural electrics are pooling part of their reserve funds in an effort to attract private capital. While it is a long way from the point where it will be able to provide an appreciable portion of the capital needs of rural electrics, CFC is already joining with the Rural Electrification Administration in making loans. It definitely is in the tradition of the rural electrification program, the tradition of self-help and cooperation.

I am proud that a Kentuckian played a major role in the development of CFC. J. K. Smith, former general manager of the Kentucky Rural Electric Cooperative Corporation and now serving as the first governor of CFC, headed a special blue-ribbon committee of rural electric leaders from throughout the country who developed the plans for CFC and successfully launched the organization.

And Kentucky is now providing another important leader in the rural electrification program. J. K. Smith's replacement as general of Kentucky Rural Electric Cooperative Corporation, Louis Strong, is now serving his second 1-year term as president of the National Rural Electric Cooperative Association. We in Kentucky, and the rural electrics throughout the Nation, are indeed fortunate to have a man with the ability of Louis Strong at the helm.

Last March, it was my pleasure to join other members of the Kentucky congressional delegation at the annual congressional breakfast put on by Kentucky's rural electric systems. At that session, Mr. Strong presented a thoughtful and forceful summary of the problems of rural electrification and what we as Members of Congress can do to help. I include his remarks in the RECORD at this point:

COOPERATION NEEDED FOR RURAL KENTUCKY

(By Louis B. Strong)

It is doubtful if any of us appreciate the number and complexity of all the issues with which this group represented here today must deal and with which all of us here must be familiar in order to make the choices and decisions that must be made. Complicating decisions and choices and judgments is the fact that we seldom find all the right on one side of an issue and all the wrong on the other or all the justice on one side and all the injustice on the other. There is some truth in the greatest falsehood and there are some elements of injustice even in the greatest justice.

All of us here—and especially those of you who are members of our nation's Congress—must continually seek and choose that side of an issue that represents the lesser of two evils—the greater of two rights—and this is a difficult and frustrating responsibility.

Complicating your judgments—and ours—still further is the fact that choices and decisions must be justified to a public—or electorate—that seldom has access to all the facts and information that are available to us.

Making a democratic society and government work has never been easy—but certainly I know of no better way.

I suppose this simply confirms the old saying that everything good and worthwhile in life comes only through struggle, discipline and effort.

Our objective in this meeting this morning is to give a quick insight into some of the problems that we face and describe why we feel that they deserve favorable consideration.

As most of you know, Kentucky's rural electric cooperatives serve the thinly settled rural areas with a vital service, electricity. These were the areas that the profit oriented corporations did not reach primarily because a dollar invested in these areas would simply not yield a profit above taxes and operating cost at rates rural people could afford to pay.

There are no special miracles in the rural electric utility business. We were not necessarily miracle workers. Rural people simply took up the only legal vehicle available to them—the cooperative corporation—and used it to provide themselves with service

at cost. They were not interested in profits so they avoided the income tax.

These factors together with the long-term low interest rate loans provided by government through the Rural Electrification Administration were the essential ingredients that made it possible to electrify the thinly settled rural areas and provide these people with electric services at rates they could afford to pay.

The rural people did not have and still do not have the same privileges that city people have of selling tax exempt bonds to finance electric, water and other services through city government, earn all they wish and pay no taxes.

Rural electric cooperatives serve less than one-sixth the number of users per mile that a city utility would have and, in addition, the rural electric cooperatives have another problem that no other electric utility has and that is the fact that they are continuing to lose users of electricity in their service areas.

The rural electric cooperatives have spent millions of dollars to extend electric service to farms and homes that are no longer there so that people who still remain in the rural areas of the country have to not only pay off the investment to serve their own farm—their own home—but they also have to pay for these thousands and thousands of electric services built to farm homes that no longer are there. No city utility has this problem.

The only salvation for the rural electric cooperatives has been the fact that those who remain in the rural areas have been using more and more electricity, industry and commercial enterprises have begun to move into the rural areas and more city wage earners are moving to the country. Recreational facilities and service facilities along the super highways are also helping. If electric cooperatives are permitted to serve these loads, this will help meet the problem.

So, in spite of the fact that we are continuing to lose farm users, the total numbers of people on rural electric lines are growing, more industry and more commercial enterprises are locating in the areas so the capital requirements of the rural electric cooperatives are increasing at a rather rapid rate. This gives a brief outline of our current situation.

Now, where do we particularly need your help?

First, we face a loan capital crisis in the rural electric cooperative program.

REA has been, for many years, the sole source of capital for the rural electric cooperative program. They hold the first mortgage on every rural electric cooperative system. Thus, in effect, cutting off a rural electric cooperative from any other source of capital. With the low margins and low equity that most rural electric cooperatives have, and with REA holding the first mortgage on the system, it would be an unusual banker indeed who would loan rural electric cooperatives long term money.

Funds for rural electric cooperative loans through the REA have been at about the same level for about the last five years, say around $340- to $350-million.

At the same time the capital requirements for the rural electric cooperatives have been growing at a rapid rate because of the factors that I mentioned.

Rising construction costs have been rapidly reducing what these loan dollars will build. If you assume no more than a six-per cent annual increase in construction cost then the loan levels over the last five years have actually been reduced by one-third so that even if our capital requirements were no larger than they were in 1966 we would need at least a third more dollars in 1971 to maintain the same level that we had in 1966.

The rural electric cooperatives saw this problem coming and started several years ago to try to develop an answer to it. They first tried to get a rural electric bank bill passed through Congress similar to the Farm Credit Bill but this was strongly opposed by the investor-owned utilities and we simply weren't able to get it passed.

We investigated the possibility of trying to get tax exempt bonds that are available to city people to use in our financing but our friends in Congress told us that this was simply not in the cards and there would be no possibility of getting the tax exempt bond financing extended to the rural electric cooperatives in this program.

Finally, rural electric cooperatives did the only thing that seemed to be left to do and that was establish their own bank, The Cooperative Finance Corporation. This bank was funded to the extent possible from the limited depreciation and storm reserve funds and the advanced payments on loans that had been made.

The plan is that this bank would provide a limited amount of money to supplement the loan funds made available to the Rural Electrification Administration by the Congress. This higher interest rate money would be blended with REA funds and loaned to those cooperatives most able to pay the higher interest cost.

The creating of this bank comes at a time when a great strain has already been placed on the rural electric cooperatives and their reserves because of a starvation situation on capital for several years.

All this together with the rising power, fuel and construction cost has created a real financial crisis for the rural electric cooperatives.

Very frankly, if something isn't done, we could foresee the rural electric cooperative programs simply starving to death for need of capital.

Even when we have been able to get through the Congress moderate amounts of additional loan authorization we haven't been able to get that money released by the Bureau of the Budget, so this money has not been made available even though the Congress authorized it.

In addition the cash flow from the Treasury to REA continues to grow increasingly critical.

Directors and managers of these rural electric systems view this money squeeze with growing alarm.

Now what can you do?

Somehow we must get enough of the Congress to be aware of the problem so that we do get higher levels of loan authorization and we do get these funds released by the Bureau of the Budget.

The second area in which we need your help and understanding is the power crisis that is facing the rural electric cooperatives of this country.

I don't need to go into any detail on the power crisis in this country with you gentlemen.

The electric industry is facing its most severe 90 year history.

Rural Electric cooperatives have been warning of this impending crisis for at least ten years or longer. We have been aware of it because we have been living on the doorstep of a power shortage ever since our inception.

We are about like the family who never knows where the next meal is coming from—as far as power supply is concerned. We have never known in many cases where the power to meet next year's electric requirements was going to come from.

The money crisis that we face in our program hit first and hardest at the power supply sources of our program. The rising fuel cost—the rising money cost—and the concern for the environment has simply compounded the already difficult situation that rural electric cooperatives have been facing in regard to power supply.

Rural electric cooperatives only generate about one-fifth of their power requirements in this country. Traditionally, the only protection that they have had, the only bargaining tool available in trying to obtain adequate power at reasonable rates has been the right to build and own generation and transmission systems. The fact that we only generate one-fifth of our power supply requirements is evidence of the fact that we did not have to build them if we had the right to do so.

For all practical purposes the rural electric cooperatives are no longer in a competitive position to build their own generating plants. In some instances, REC's have joined with municipals to build jointly operated plants with tax exempt bonds. The IRS recently issued a ruling prohibiting this in the future.

We would like to see you support a proposed amendment to the Internal Revenue Code which would permit rural electric cooperatives to purchase power from a municipal plant financed by tax free bonds in those cases where the municipals and cooperatives desire to join in this mutually beneficial undertaking.

Even when loans for generating plants have been made to rural electric cooperatives in the past, almost invariably their right to build and operate these plants has been challenged in the courts so that cooperatives must undergo a long and costly series of court trials intending to delay the plants.

The peak demands for electric power move from east to west with the sun and from north to south with the seasons—both logic and the public interest are crying out for a national power grid so that electric capacity can quickly move from area of surplus to areas of deficit.

Solutions to the environmental issues facing the utility industry need both time and research to resolve. A stepped up program of Government research and development is needed to learn new ways of producing electricity more efficiently and with less effect on the environment.

Finally, the approximately 25-million persons served by rural electric cooperatives in this country reflect the concerns of all rural Americans.

We urge you to support the Farmers Home Administration insured home loans program and the water district loan program so rural people can have access to credit to build homes and enjoy a source of adequate and safe water on an equal basis with city people.

We appreciate your presence here this morning. We will appreciate your understanding and help in finding the best solutions to these problems.

Mr. ADAMS. Mr. Speaker, during the early part of this century farm leaders became determined in their efforts to find out how electric power could be used in rural areas. An early demonstration project in Red Wing, Minn., showed that agricultural production increased sharply while overall operating expenses of the farms dropped. Farmers saw that their lives were more productive and less tiring because of the use of electric power which replaced human labor and animal power. Word of this demonstration spread and soon farmers in other States became intrigued with the idea of obtaining electricity for their farms.

It was not until the administration of Franklin D. Roosevelt, however, that it became possible for farms and small towns to obtain electric power. During the depth of the depression President

Roosevelt signed an Executive order creating the Rural Electrification Administration. The authorization for the Government's entry into the field of rural electrification was the Emergency Relief Appropriation Act of 1935. It began actually as one part of the President's general program to relieve unemployment and it was not until the next year that the Rural Electrification Act was passed and the lending program that was to become the pattern got underway.

CO-OPS BRING ELECTRIC SERVICE TO RURAL AREAS

The Nation's rural electric systems have traveled a long and difficult road from the mid-1930's when only one rural family in 10 could get electric service. Nearly 1,000 rural electric cooperatives—all of them member-owned enterprises—have borrowed Federal funds under the Rural Electrification Act to provide electric service. Now they operate 44 percent of the electric distribution lines in the United States, servicing 8 percent of the Nation's consumers in 2,578 out of 3,072 counties in the United States.

Rural electric systems make growth possible in the countryside and in small towns. They provide opportunities for more people by making dependable electric power available at reasonable rates. Each one is an independent, locally owned business enterprise, incorporated under the laws of the State in which it operates. The formation of the cooperatives was first proposed by leaders of farm organizations to provide electric service on a nonprofit basis. The cooperative idea took hold and spread rapidly.

REA MEANS MUCH TO WASHINGTON STATE RESIDENTS

The rural electrification program means much to the people of Washington State. The first REA loan in the State was approved in May 1936, with the first REA-financed line energized October 12, 1937, by the Mutual Power & Light Association of Tanner, North Bend.

REA loans to rural electric systems in Washington provide for service to an estimated 55,152 rural consumers over 16,937 miles of line. Loans made to the 23 REA electric borrowers in the State, including 11 co-ops and 10 public utility districts, total $77,579,597.

The amounts of electricity used over the years by consumers in the State are steadily increasing. For example, in 1958 the average monthly consumption per consumer was 1,395 kilowatt-hours; in 1959, the average monthly consumption was 1,535; by 1969, the average had risen to 2,117 kilowatt-hours.

As of January 1 of this year, REA had advanced $72,896,399 to borrowers in the State. The funds have been invested by the borrowers in local electric facilities, including 16,520 miles of line, serving 48,678 farm and other rural consumers. Of the nearly 46,000 farms, over 99 percent are receiving electric service, compared with only 40,060 farms, or 47.5 percent, when REA was created in 1935.

NIXON ADMINISTRATION IMPOUNDS REA MONEYS

Despite the fact that generation and transmission loans are provided for in the original Rural Electrification Act of 1936, REA has placed a virtual embargo on power-supply loans. During calendar 1970, REA approved only three special loans for generation.

Historically, the REA generation and transmission loan program has provided rural electrics with their only bargaining leverage in negotiating wholesale power contracts with private power companies. Rural electrics are feeling the effect of REA's freeze of power-supply loans. Within the past year, 22 suppliers of wholesale power to REA borrowers applied to the FPC for rate increases. Since wholesale power represents 40 to 45 percent of the cost of delivering electric energy to rural electric consumers, the economic impact of such wholesale power rate increases on co-ops and their members is staggering.

The President recently released $15 million in frozen moneys for REA loans to co-ops, but of course this was money already authorized by the Congress. The amount authorized over the last 6 years has decreased although application for loans have increased substantially. For example, in 1971, the National Rural Electric Cooperative Association recommended that $745 million be authorized to meet needs. The administration recommended $322 million and the Congress authorized $337 million. Rural electric systems estimate that their minimum loan needs for fiscal year 1972 will be $804 million. The administration has requested $345 million in its fiscal year 1972 budget.

FUTURE OF CO-OPS SHAKY WITHOUT ADDITIONAL ASSISTANCE

Rural electric systems continually invest more capital in their systems to meet present members' growing power needs. These needs double about every 7 years. New rural customers are being added at an average of about 150,000 per year.

The tight budget on which they exist has caused REA to abandon its long-standing policy of financing 2-year construction programs. The reserve funds have been greatly reduced by REA which has increased pressures to use reserve funds rather than loan funds for construction, thus leaving co-ops without adequate reserve cash to meet emergencies and natural disasters.

The Nation as a whole is experiencing power shortages and less-than-reliable electric service. Last summer's heat waves precipitated area blackouts and widespread brownouts. This summer the FPC estimates that the reserve capacity in most regions will be below the 20-percent minimum safe level. The electrical industry estimates indicate that power supply must be doubled by 1980, quadrupled by 1990.

Withholding power supply loans not only deprives rural co-ops from bargaining strength, it deprives the Nation and more specifically, rural America, of needed electricity. If denied its share of scarce electric power, rural America may never recover from the effects of a serious power shortage.

Mr. JOHNSON of California. Mr. Speaker, I rise today to express my vigorous support for the rural electrification program which it carries on throughout the Nation.

The Second Congressional District of California which I am proud to represent has a special interest in the Rural Electric Administration electric program, for it was in this district that the first REA financed cooperative program became active. This was the Surprise Valley Electric Cooperative of Alturas.

The first REA loan in the State was approved in October 1936, with the first REA-financed line energized July 1, 1938. REA loans to rural electric systems in California provide for service to an estimated 68,000 rural consumers over 5,500 miles of line. Loans made thus far to the 10 REA electric borrowers in the State, including several cooperatives, exceed $43,000,000.

Consumers served by REA borrowers in the State are using increasing amounts of electricity on their farms, in their rural homes and businesses. In 1958, the average monthly consumption per consumer was 418 kilowatt-hours. In 1968, the average had risen to 936 kilowatt-hours.

REA has advanced $39,652,500 to borrowers in this State. The funds have been invested by the borrowers in local electric facilities, including 4,996 miles of line, serving 61,285 farm and other rural consumers. Of the 59,000 farms in the State, 99 percent are receiving electric service, compared with 81,093 farms, or 53.9 percent, when REA was created in 1935.

This to me is a tremendous record of service to the people of this Nation, and I hope that this program will continue to move ahead with this same outstanding record which we have witnessed over the past more than three decades of operation in California.

Here I believe is an outstanding area where the Federal Government can provide to the individual citizen the service which they deserve and at the same time realize something of a return on its investment. I should point out here that in the years since the first loan was made, payments have been on or before schedule, and the interest payments to the Federal Treasury have exceeded $8 million.

Mr. MILLER of Ohio. Mr. Speaker, one of the seldom-told success stories of rural electrification is its innovative approach to problem solving, of accomplishing difficult tasks by using new methods and techniques.

Few people know that one of the reasons that the rural electrification program was successful in bringing electric power to sparsely settled areas of the country was the determination to economize in line construction. Engineers faced with the problem of extending powerlines over long distances with little capital designed economy into the distribution system by eliminating cross-arms, spacing poles farther apart, and using numerous shortcuts without sacrificing quality of service. Those early designs have since become standard practice in the electric industry.

Rural electrics, over the years, have

continued their imaginative approach to power distribution and consumer services. Many rural electric systems, because they are member owned, use the cost saving approach of members reading their own meters.

An Ohio cooperative is credited with initiating the security light program making it possible for rural people to have "street lighting" at a cost they could afford. Results of this innovative idea are readily apparent as the blueish hue of mercury vapor lights glows throughout rural America making it difficult to tell where one town or city ends and another begins.

The consumer-owned philosophy of rural electric cooperatives constantly drives them to seek new ways to assist members in the economical, wise, and efficient use of electricity. Their leadership in developing more rigid insulation standards for home heating to conserve energy is one example. Another is the extensive research work conducted by a group of rural electric systems in Texas and surrounding States in cooperation with Texas Technological College of Lubbock on power requirements and efficiency studies of irrigation pumps and power units.

More recently, rural electric systems have been pioneering in underground electric power distribution. As early as 1968, Cass County Electric Cooperative at Kindred, N. Dak., had taken steps to install a large portion of its distribution system underground. Its original contract of 200 miles of underground electric distribution line to serve only 160 members was considered a crucial test of economic feasibility for large scale underground power distribution in sparsely settled rural areas of the country. The rural electrics over the country are keeping pace and in many areas are leading in the adoption of new technology to conform to objectives of better service and more attractive environment.

As further evidence of the rural electrics' concern for continued progress in development of an electric power industry compatible with today's and tomorrow's needs, NRECA membership at the association's annual meeting in Dallas earlier this year adopted two resolutions urging accelerated research and development effort.

Long-range efforts were called for in research to develop the fast breeder reactor with appropriate effort to insure safe disposal of all radioactive wastes, magneto-hydrodynamic generation, controlled hydrogen fusion generation, and fuel cells for peaking and energy storage. In the field of transmission, members called for development of economical equipment and means of installation and operation of high-voltage underground transmission.

A second resolution was in support of the Electric Research Council, an industrywide organization which has the objectives of:

> Stimulating and promoting research which will assist the electric power industry in maintaining an adequate and economical supply of electric power for the nation's economy and in providing increased value to the electric consumers.

Rural electric cooperatives are close to their consumer members and they are constantly working and making maximum use of their limited resources for continued development of rural America.

Mr. ROBERTS. Mr. Speaker, it is hardly necessary to amplify the service rendered rural Americans through the outstanding work of the Rural Electrification Administration and the local cooperatives scattered throughout the Nation. The steady growth of demands for extended services from these organizations are eloquent testimony to their value and to the critical role they play in our country's economy and in the maintenance of our rural communities. Investment by the Federal Government in rural electrification, especially through the medium of construction loans, have contributed to rural development in a meaningful way. Considering the growing crush of urban population with its attendant problems, such encouragement of rural expansion is certainly a commendable undertaking.

Rural electrification has, however, been caught in the same cycle of inflation currently plaguing our entire economy. Expanding construction costs coupled with increased consumer demands and relatively fixed Federal loan appropriations for the past 6 years have produced a serious crisis in the funding of further REA construction. Since 1965, funds budgeted for REA have remained fixed at $345 million. The President's budget request in this area for fiscal year 1972 is in this same amount. Such a figure reflects little appreciation of the enormous expansion in demands for service and soaring construction costs. It is estimated that by June 30 of fiscal 1971 REA will have pending some $800 million in construction loan applications. It has been estimated that loan requirements for Texas alone will reach $100 million for fiscal year 1972.

Texas may, indeed, serve as an example of this growing crisis in rural electrification funding. Throughout fiscal year 1970 obligated loan funds to Texas totaled $16,275,000 for electric construction and $9,538,000 for telephone extension, or a total of $25,813,000 or about one-half of the estimated amount requested by the State's cooperatives. The loan obligations assumed by REA for the first 6 months of 1971 amount to only $2,356,290, all of which has been designated for electric power construction loans. Neither past allocations nor present funding have been anywhere near the minimum requests for new construction loans in my State.

Administrators of cooperatives in my district have underscored this growing crisis in construction funding. One large cooperative, serving several counties, requested $1 million in 1970, got $500,000 in 1970, $240,000 thus far in 1971, needs $1,260,000 for 1972, and states that:

> We have no idea what amount, if any, of this we will receive.

Another indicates that short funding of loans for new construction has forced his cooperatives "to continue our expansion and overdue improvements with general funds"—funds not usually available to small or rapidly growing cooperatives. The expanding number of rural commuters holding city jobs has added 500 new consumers each year in another cooperative, leading its administrator to state that—

> Unless we can obtain additional capital in the future, we will be unable to provide adequate service in the years ahead.

Still another county cooperative insists that they need $2 million over the next 2 years "in order to take care of the people who are already here."

In my district, co-op administrators are increasingly concerned that the rural systems might soon be added to the growing number of urban power complexes now experiencing peacetime power shortages for the first time in the Nation's history.

It is not possible to overstate the urgency for a reconsideration of the budget needs of the Rural Electrification Administration for construction loans in fiscal year 1972. These rural cooperatives are subject to so many economic pressures that they are becoming increasingly vulnerable at the very moment in our history when demands for their services have reached an all-time high. The provisions of 1965 will not suffice—in 1972—for rural electrification any more than such provisions would be adequate in any other realm of economic endeavor. If rural America is to keep pace and continue to play a vital role in our social and economic fabric, we cannot, we must not, freeze Federal funds vital to the expansion of rural electrification. I would, therefore, enthusiastically join my colleagues in the House in urging the drastic reassessment of budgeting and funding for these critical REA programs.

Mr. THONE. Mr. Speaker, rural electric systems in Nebraska are greatly concerned. They are concerned about the future of the rural electrification program. The many leaders in the rural electric systems in Nebraska, as well as all across the Nation, have not forgotten for a moment the tremendous part this great program played in raising the standards of living for rural people. The times have not changed that much; many needs are still there to be met; some of them are a little different than they were in the past. Electric service has been provided to almost every family residing in the rural areas of our great country.

Now, rural electric systems in Nebraska and other parts of our Nation find that there are other needs to be met, needs, which today seem to be almost as important as that initial criteria of providing electric serve in its simplest form to rural people. Today, rural people find their electrical requirements to be somewhat similar to those of the urban areas. The electrical requirements for air-conditioning are increasing rapidly each year. The problems experienced through a declining rural population and lack of farm labor has turned the farmer to a solution of mechanized feeding, labor-saving equipment for increased irrigation development, and a constant search to increase his productivity through elec-

trical and mechanical means. Agriculturally-related industry has come to our rural areas. All of these changes and the demands for more and more electric power and energy have created a far greater need, a need for adequate capital and financing to provide the sources of power, the electric lines, the transformers and all the other facilities to meet these rapidly expanding electric loads. The larger part of the rural people in Nebraska did not receive electric service until the late 1940's or the early 1950's. At that time the electric lines necessary to provide this service could be constructed for approximately $1,000 per mile. Today, following the short span of about 20 years, the cost of constructing this same electric line is nearly $2,000 per mile.

In the face of all of this, our rural Congressmen and Senators have found it increasingly difficult to convince Congress that the Rural Electrification Administration needs adequate appropriations to meet the financial demands of its borrower-electric systems. During the past 4 years the REA loan program has been held to a level of about $345 million per year, and yet, the costs to these rural electric systems, as to all other businesses, have continued to rise. Rural electric systems in Nebraska and all across our Nation have found it increasingly more difficult to raise the capital to meet their needs for new electric facilities, and the requirements for the day-to-day operations. Rural electric systems in Nebraska will need approximately $20 million by the end of June 1972. This does not seem to amount to a great deal of money, but when added to all the needs of the many other rural electric systems across our great country, it amounts to about $805 million. This figure then becomes a matter of great concern to us in rural America.

Rural electric systems in Nebraska have reached a point where they have found it necessary to tell their consumers that they are unable to serve some new loads. Irrigation as a supplement to the annual rainfall is in great demand in Nebraska. Electricity as a source of power and energy to these new wells is vitally important to the farmer and rancher. The capital outlay to provide the necessary new substations, electric lines and other equipment to meet the demands of this new type of electrical load are far greater than ever before. Yet, the rural electric systems of Nebraska feel they must do everything within their power to provide for the electric needs of the rural people when these demands and needs arise. They feel this way because adequate, reliable, low-cost sources of electric energy are the very backbone of the economic structure in rural Nebraska. If there is to be progress in rural development, if there is to be success in the efforts to keep rural Nebraskans in rural Nebraska, then the rural electric systems must be able to meet the needs for additional electric facilities and additional demands on power and energy. Rural electric systems in Nebraska realize that it is unwise to continue to rely upon congressional appropriation for all of the financing needs.

A large number of them have been very active in the development of a self-help supplemental financing institution. The National Rural Utilities Cooperative Finance Corporation—CFC—is a self-help bank which has begun its operation through the cooperation, resource, and dedicated efforts of rural electric leaders from nearly all of the rural electric systems across our great country. Seed capital is being furnished on an annual basis to this self-help bank by its many member rural electric systems. This seed capital will be the basis for future CFC borrowings on the private money market. CFC is off to a promising start, but its lending operations will necessarily be limited during its early years. Other rural electric systems in Nebraska are looking to other types of supplemental financing. The point is, that the leaders in the rural electrification program are not sitting on their hands, constantly saying to Congress, "help us," and then not giving a thought to some means of solving some of the financial problems on their own part. The rural areas of Nebraska are not heavily populated as is true of a large part of rural America. For that reason, the costs involved as compared to the electric revenues returned, to provide service in these rural areas have been extremely high. But, the rural people in Nebraska are proud to say that they were able to do that job, but now they continue to look to the Rural Electrification Administration with great concern—great concern for the changes in lending policies that have become necessary due to the inadequate loan funds. Nebraska rural electric systems have felt the effects of the abandonment of the long-standing policy of financing 2-year construction programs. The 1-year program is a costly and restrictive substitute. Emergency situations have been experienced where reserve funds are being depleted to a dangerously low level. It is true that to date, the Rural Electrification Administration has been able to meet the loan requirements for emergency needs. But, when the point is reached that this becomes the last criteria, what will be the next step?

So, Mr. Speaker, advanced payments by rural electric systems, as an early repayment plan on loan funds borrowed over the past many years of operation, have been greatly reduced, as a means of meeting other financial commitments that were critical at the time. Nebraska systems are greatly concerned because they can see they are reaching the point when there will be no means left of changing dollars from one pocket to the other—or using some of the little reserve nest-eggs that were kept back for other purposes. They are concerned because as this situation rapidly approaches, they cannot see another financial solution adequate to cope with the overall problem, without the continued need of adequate loan fund appropriatons by Congress. Nebraska rural electric systems feel there is a great need for an increase in the appropriation levels this year. The leaders of these systems realize that it is not possible to correct this problem, which has developed over a number of years, in a short time. Many of the rural electric leaders feel that a start to correcting the problem would be an increase in the appropriation levels of $550 million for fiscal 1972. Rural electric leaders in Nebraska are in definite agreement and give their wholehearted support to this effort and to this recognition of their problems. The basis and the criteria for the increased needs are so obvious. We fully expect the electric needs of rural Nebraska to double in the next 7 years, and when the electric load requirement doubles, it becomes quite obvious, there must be tremendous investments in additional facilities to bring that power and energy to the farm and the ranch.

Nebraska rural electric systems

(Rural electric system statistical information, as of December 31, 1969)

Total utility plant	$161,610,737
Total long-term debt	81,015,315
Total miles of line energized	58,922
Total number full-time employees	738
Total number directors	299
Total residential (farm and nonfarm) consumers	85,458
Total commercial consumers	4,837
Total irrigation wells	10,855
Total connected meters	104,006
Kilowatt-hours sold—total	1,432,605,703
Residential (farm and nonfarm) consumers	799,661,223
Kilowatt-hours purchased and generated—1969 total	1,588,317,493
Revenue from electric energy sales—1969 total	$26,784,457
Residential (farm and nonfarm) consumers	$17,622,381
Total annual operating revenue	$27,482,975
Annual interest paid on long-term debt	$1,570,690
Total population in area served	367,469

Mr. HAMILTON. Mr. Speaker, there is a change of attitude in rural America. There is a new eagerness, a growing awareness, a new concern for economic progress, and a new desire for greater opportunities.

The Rural Electric Membership Cooperatives—REMC's—have been a major factor in bringing about this new attitude. Without their accomplishments in the last 35 years, talk about modernizing rural America would be ludicrous.

They have, quite literally, brought our rural areas out of darkness. Before their existence, less than 10 percent of our farms had electric service, and today, more than 98 percent are served by electric power.

Without electric power, upon which modern life depends, rural revitalization would not be possible.

No single organization has contributed more to the development of rural America than have the REMC's. They have shown us that the revitalization of our rural areas is not a sport for the short-winded. They have been about the difficult business of rural development since the passage of the Rural Electrification Act of 1936.

Since 1965, however, the REA loan program to member associations has been held to an annual level of $350 million, or less, while the capital needs of the REMC's has continued to grow.

Powerloads on rural lines double about every 8 years, and it is increasingly difficult for cooperatives to meet today's expanding needs with yesterday's funding, particularly when inflation decreases the real value of the annual loan allocations.

No wonder, then, that the REA has a backlog of loan applications totaling nearly $300 million, or that the accumulated loan needs of rural electric borrowers for fiscal 1972 will total more than $800 million.

This capital gap threatens the ability of the REMC's to continue to meet the growing service demands of our rural areas at a time when the country faces growing shortages of power and the means of delivering that power.

Adequate loan funds—which would be repaid with interest—must be made available. Obviously, the Federal Government cannot correct in a single year a backlog of unmet financial obligations which has been 6 years in the making. But a start must be made now to assure the Nation's rural population of reliable and adequate electric service.

In southern Indiana we are just beginning to realize the impact that the REA-sponsored, 212,000-kilowatt generating plant—known as Hoosier Energy—can have.

Hoosier Energy originally was incorporated by nine of southern Indiana's rural electric cooperatives in June 1949, but it was not until this spring that the $71 million plant and its 1,000 miles of transmission lines began serving 17 REMC's in southern Indiana.

Officials of Hoosier Energy report that the facility already has injected nearly $80 million into the State's economy with its existing investment in plant and facilities. With 100 employees, Hoosier Energy has an annual payroll of more than $1 million.

Direct inputs into the economy of southern Indiana over the next 10 years will total an estimated $75 million—through its payroll, coal purchases in Indiana, and local taxes.

The additional power generated by the plant will offer an inducement for new industry in southern Indiana and make it possible for present industries to expand.

It seems to me that this is rural development in the true sense of the word—a facility planned and conceived by rural leaders to meet their needs and to provide the potential for economic development.

Some of us believe that we are on the threshold of remarkable development in rural America—a rural revival. We look to the REMC's to make a major contribution to the enhancement of rural life.

With projects such as Hoosier Energy, which is supplying the basic ingredient for decentralized industry and modern living, rural communities in southern Indiana are drawing new strength and encouragement to meet the challenges of development.

The REMC's are helping rural America to build, mold and create.

They deserve recognition for the part they are playing in making rural America a better America.

It is our responsibility, then, to see that the primary source of financial assistance to the REMC's—the REA—is provided with adequate appropriations to enable rural cooperatives to show the way, light the path and point the direction to rural revitalization.

Mr. SHOUP. Mr. Speaker, I am proud of the progress that has been made in Montana and throughout the Nation by rural electric cooperatives. Their achievements are impressive and their aims are worthwhile. Continuing progress is a clear indication of your concern for the future of Montana and the Nation. The rural electric cooperatives should, and generally have, taken the lead in rural development programs in their particular service areas.

REA was created to help rejuvenate rural America in what was probably one of the darkest hours of our history. The economic and social conditions in our rural areas were indeed dismal. Few farms were served by central electrical service. In 1935, 5.5 percent of Montana farms enjoyed electrical service compared with about 97 percent of the farms today. For the Nation as a whole the situation was quite similar. About 11 percent of the farms received central station electrical service in 1935 compared with more than 98 percent today. This is real progress when we stop to consider the many, many uses of electrical power on our farms and in the rural areas.

It was in the 1930's, as it is now, a program for people to help themselves. Senator George Norris' dream of using electric power to turn the wheels on the farm, to light up the farms, and to free farm people from drudgery, became a reality because rural people worked together and made the program a success.

I am certain that no other industry or organization has a greater stake in rural prosperity than the rural electric and telephone systems.

Rural electric cooperatives have made rural America a better place in which to live, despite the fact that our farm population has decreased from nearly 26 percent of our total population to about 5 percent today. This has been a tremendous decline brought about generally by changing economic conditions throughout the Nation with fewer economic opportunities for our young people on farms and in our rural areas. Rural electrification, beyond a doubt, has made it possible for many of those on farms today to remain there.

While the rural electric program has made progress, the job is not complete. There are now, and no doubt will continue to be, problems for REA to solve. Many of these problems relate to our changing requirements for electrical service due in part to technological progress. Let us consider for a moment the increase in the average consumption of electricity per consumer per month in Montana during the past 10 years. In 1959, average consumption per consumer was 597 kilowatt hours. Consumption had increased to 1,085 kilowatt hours by 1969. In other words consumption per consumer nearly doubled during the 10-year period. This same situation prevails for the Nation, increasing from 432 kilowatt hours in 1959 to 88 kilowatt hours, in 1969. Rural Electric Cooperatives were serving more than 56,000 consumers in Montana in January 1971 and nearly 6.5 million throughout the Nation. REA-financed systems handled more than half of the 2.9 million farms served.

Low interest loans made to the Cooperatives through the Rural Electrification Administration have made it possible for the local organizations to build transmission lines and to provide the required equipment to make the program a success throughout the Nation. However the growing average consumption rate of electricity has made it more and more difficult for the local cooperatives to secure adequate financing to carry out a program of expansion to provide the quality of electric service required to meet their growing needs.

It is encouraging to note that the National Rural Utilities Cooperative Finance Corporation, a non-government corporation, has now been organized and is in a position to grant loans to established Rural Electric Cooperatives that can afford to pay interest for loans at a higher rate than the low rate charged by the REA. The creation of this new finance corporation should prove to be another progressive and constructive step in the REA program.

It is also encouraging to note that the Rural Telephone Bank has been enacted into law. This act provides for the creation of a rural telephone bank to provide supplemental financing for telephone borrowers. The bank is intended to furnish assured and viable sources of supplementary financing with the objectives that it will become an entirely privately owned, operated, and financed corporation.

We are fortunate indeed to have an REA and rural telephone program. It is difficult to imagine how progress could be made in our rural areas without these two programs. There is a tendency for people to conjure up nostalgic images of the past. We hear people say that they long for the good old days, but the conditions wich made those days seem attractive no longer exist. When we consider that on today's modern farms, electricity is being used to perform some 400 different chores—milking, feeding, watering, cleaning stables, heating, gathering eggs, and almost everything else that needs to be on a farm—one can hardly help feeling fortunate to be living now.

Mr. SMITH of Iowa. Mr. Speaker, rural electrification in the United States is one of the great success stories. For many years, electric energy "experts" had said distribution to rural areas would never be possible and some had even levied large connection charges to farms which they passed with their lines on the way to another city. The REA long-term loans for consumer-owned distribution lines made electric appliance and equipment customers of almost every farm family in America and the loans are being repaid or in many instances have been repaid.

Now that most farms have electricity,

some say, "Why the need for more loan money."

The fact is that farms like factories are using more and more electric energy and larger and larger equipment. The distribution lines which delivered enough energy for a few electric lights are simply not sufficient to supply energy for large motors, dryers, and refrigeration units. Thus, larger expensive lines are needed.

It is the interest of all America, including the electric equipment suppliers and their employees, and those who want to prevent unnecessary loading of high population areas with people who would rather live in rural areas, that the needed funds and program be available for continuation and expansion of the REA. The next chapter of the great success story of REA will depend upon adequate understanding and support and I hope it proves to be another bright chapter in the development of our resources.

Mr. CLAY. Mr. Speaker, let it be noted that the utilities which put into effect the rural electrification program under discussion here today, are consumer-owned business enterprises.

Consumerism is a word much in use these days. The consumer movement in America, as many of us have reason to know from our contacts with many constituents, is a dynamic force and in some ways new. But it is not totally new. Like all social forces and institutions, it is a product of its history.

Today it is fitting that we should recognize the link between the consumer movement in 1971 and the consumer action that began in 1935—action which literally brought the rural people of America out of the darkness of the 19th Century to the light and comfort and technology of the 20th.

Rural electrification was the "impossible dream," but it came true because rural consumers refused to recognize the impossibility.

Like consumers today, they entered the political arena asking Government to be responsive to their needs.

They organized cooperatives. They borrowed capital offered by the public through the Federal Government. But they also did all they could for and by themselves. The consumer-members of the co-ops provided rights of way for powerlines without charge, thus saving their utility business entity millions of dollars. They insisted on the area-coverage principle so that service would be provided not only to those who lived nearest the headquarters but also at the same cost to the most remote members in the service territory. They sought and used economies in the construction of electric systems. They employed technical advisors to help them choose the right equipment and make efficient, economical use of electric power. They have employed service personnel to make repairs and installations at honest cost. In many co-ops the members have always read their own meters and made out their own bills.

From the electric cooperatives has come leadership in the establishment of other consumer-owned facilities—water systems, waste disposal projects, housing associations, and so on.

They have been instrumental in bringing together many consumer organizations into the Consumer Federation of America.

And all of the time, they have fought for fair and reasonable electric rates. With perhaps a tenth as many consumers per mile of distribution line as the power companies have, the consumer-owned systems have brought their rates down at every opportunity. In the early 1930's there was nothing unusual about retail rates of 10 cents per kilowatt hour in rural areas. By 1941 on rural electric lines, the average was 5.65 cents and by 1958 it was down to 2.02 cents for farm and residential consumers and 1.88 cents overall.

In many places the rural systems have never been able to get rates down as low as those in the nearest cities, but they have benefited the customers of power companies by providing a yardstick—a means of measuring and determining whether the rates are fair.

Electric power consumers cannot shop around. Almost without exception, in any given area, the supplier holds a monopoly.

So what keeps a power company from charging its captive customers whatever the traffic will bear?

Some protection is provided by regulatory bodies established to look after the public interest.

But these commissions are often understaffed and underbudgeted, making it difficult for them always to be effective buffers betwen the hapless consumer and the batteries of skillful lawyers and economists which power companies can hire.

So, besides the regulatory commissions, the consumers' electric yardstick is a necessary protection against exorbitant rates.

The consumer's electric yardstick is composed of three elements: One, a limited amount of nonprofit power generation, some by the Federal Government; by rural electric systems and other nonprofit producers. Two, a limited amount of nonprofit power transmission, some by the Federal Government, some by the rural electric systems and other nonprofit entities. Three, a limited amount of nonprofit power distribution by rural electric systems and other nonprofit distributors.

These three elements, then—power generation, transmission, and distribution, in limited amounts—combine to form a kind of "yardstick," or "competition-by-example" in the electric power industry—a monopoly-type industry in which no real competition exists. When a certain amount of the electricity used in this Nation is generated, transmitted and distributed to the consumer without any profit being added on, the consumer is then in a position to determine approximately how much profit is being included in the rest of the industry's prices—and whether that profit is reasonable or unreasonable.

Experts say that only about 15 to 20 percent of the Nation's total electric power capacity needs to be operated on this nonprofit yardstick basis. But they also tell us that the country's total yardstick power has dropped to around 13 percent—and will drop even more as power demand increases. This must not happen; the yardstick must be maintained, particularly in times like the present when a growing shortage of electric power may tempt some of the industry to jack up their rate structures. The answer to America's power problems does not lie in letting protected monopolies grab while the grabbing is good. The public interest requires that we hold onto the consumer's electric yardstick and maintain the element of competition-by-example.

Mr. McKAY. Mr. Speaker, in these days of inflationary interest rates, there are some people who become almost apoplectic at the thought of 2-percent loans being made by the Rural Electrification Administration.

But they get excited because they do not know, or fail to understand, just what that 2-percent money means, not only to members of rural electric systems, but to the American economy as a whole.

First, in explaining the vital need for continued 2-percent REA loan funds for electric facilities, it is best to start at the beginning. These REA-financed systems came into being because nobody else would provide electric service to most of rural America. It is not difficult to understand the reluctance to invest large sums of money in such sparsely settled areas as was most of rural America. Even today, no rural electric system in my State of Utah even has as many as three consumers per mile of line. My latest figures are for 1969, and in that year, three of the five rural electric systems in Utah were serving less than two consumers per mile of line.

Second, if electricity were not available in rural America, there would be no farm population, no farm industry as we know it. And all those people would have come to the city in search of a better life—and our cities do not need that kind of added population.

Third, without electricity to make additional production possible, our problem could well be shortages and hunger, and we would share that problem with people around the world who now depend on American farms for their daily bread.

Fourth, rural electric consumers on the average pay more for electric service already than do city consumers of commercial companies. The REA director of program analysis has said in a speech that if REA interest rates went to 6 percent, this would necessitate an increase in the electric rates charged rural electric consumers of some 9 to 10 percent. And these rural consumers are, on the whole, already in the lower brackets of American income levels.

But I think there is something more basic than just interest rates in the arguments about 2-percent money for REA. Electricity is no longer a luxury in this Nation. In rural areas, electricity is not just a pumper of water and a cooker of food. Electricity is a basic production tool helping to upgrade the economic level of rural life. Equally important in this 20th century, it makes it possible

to upgrade the health of rural people and to deliver cultural advantages hitherto unknown in most rural areas.

Aside from the economic arguments favoring the 2-percent REA lending program, I think there is something more basic to bolster the 2-percent concept. This REA program is a social as well as an economic program. It was born this way and has matured to become a vital service to almost 25-million Americans through the 2-percent program.

It is right that rural Americans have electric service.

It is essential that the integrity of the 2-percent REA loan program be preserved in order that this may be so.

This Congress, I know, will keep the faith with rural America. We will do this in full realization that rural electrification is not merely a program for rural people. It is a program essential to the welfare of the Nation as a whole, urban as well as rural.

Mr. ICHORD. Mr. Speaker, my State of Missouri is one of the largest States in the rural electrification program. More important than that, it is probably in our State and in my district where the program is more sophisticated and technologically advanced than anywhere else. There are 41 distribution cooperatives in the State, and 40 of these receive their power from one of the six generation and transmission cooperatives serving the State. Each of these six G. & T.'s are interconnected to form the Associated Electric Cooperative, and the associated system is interconnected with each of the investor-owned utilities, the Southwest Power Administration and many of the leading municipal electric systems in the State.

This total interconnection assures our State of the total capcity of each entity in the pool in the event of a downtime in any generation station. The proof of this was seen many years ago in one of the major stations of the Kansas City Power & Light Co., when it went unexpectedly out of service. Since the associated system was able to pick up this load, the lights in Kansas City never even flickered.

The loads of the electric cooperatives are doubling at a fantastic rate, as are those of the industry in general. Some estimates indicate that the Missouri cooperatives will need in the neighborhood of $1 billion new money over the next 10 years if they are to meet the requirements of their consumers and the total power needs of the pool in the State. Now when the Nation faces critical power shortages is the time when we should go forward with an aggressive program to meet the power needs of a growing America. The REA appropriation figure has been static for the last 6 years, and it is no wonder that the backlog of loan applications has risen to alarming proportions, that the rural electric cooperatives are unable to finance needed systems improvements and extensions, that the quality of life in rural America has declined in many respects. Nearly everyone agrees that if we are to halt the outmigration from rural America which has been one of the big contributing factors to the problems of the inner cities, then we are going to have to begin by funding the rural electrification program so that the most basic and essential service is maintained comparable to that available in cities. It is for this reason that I recommend a vastly increased appropriation for the rural electrification program for fiscal year 1972.

Mr. ANDREWS of North Dakota. Mr. Speaker, I would like to commend my distinguished colleagues from Texas (Mr. PICKLE) and Montana (Mr. MELCHER) for reserving time this afternoon for a discussion of the problems, progress and potential of the rural electrification program.

This subject is of great interest and importance to me as the Representative of my fellow North Dakotans who are members of the 13 rural electric cooperatives which serve in the First Congressional District; as a member of the House Appropriations Subcommittee on Agriculture, Environment, and Consumer Protection; and as a farmer-member of the Cass County Rural Electric Cooperative of Kindred, N. Dak.

My understanding of the need for the REA 2 percent interest loan program goes back to the days when my wife and I were first married, and she was cooking on a combination coal and propane stove while we waited eagerly for the rural electric line to be built to our farm in the Red River Valley. In some ways, those days were easier days than these for the rural electrification program. The need for central station electricity in rural America was a highly visible need, and the REA program had a very vocal constituency composed of the many farmers and their families who were waiting—sometimes not too patiently—to obtain the benefits of modern electric living which their city cousins had been enjoying for years.

Today, the need for an adequate and viable REA 2-percent interest electric loan program is as great or even greater than in those early days. Unfortunately, the need today is not so easy to see, and the steady decline in our rural population has made it harder for the voice of rural America to be heard.

Too often, we hear that the job of rural electrification is over because better than 98 percent of our Nation's farms now have central station electricity. That statistic is worse than meaningless—it is downright misleading—unless it is considered along with several other statistics relating to the rural electrification program.

Power loads on rural electric lines double on the average of every 8 years, and the rural electrics are connecting on an average of 150,000 new rural consumer-members each year. In addition, the rural electrics are involved in a constant process of updating and upgrading their systems to meet the requirements of modern-day agriculture and rural America.

The original lines of a rural electric cooperative were built to provide services adequate for lighting and a few household appliances. In the 36 years since the beginning of REA, agriculture has become highly mechanized and a indispensable ingredient in a modern farming operation. For the rural electrics, this means more capital expenditures to build heavier lines to run those crop driers, irrigation pumps, elevators, silo unloaders, feed and grain handling equipment, bulk milk coolers and so forth.

It has been said that the REA program today lacks "glamour." There was excitement in originally electrifying rural America, but there is not much drama in "heavying up" and upgrading service.

But glamour or no glamour, the job must be done if our traditional system of family-type farming is to survive and if rural area development is to become a reality.

This is not scare talk; this is plain talk. Farmers today are caught in a vicious cost-price squeeze. Since 1960, the prices farmers have received for their products rose only 10 percent. Meanwhile, their capital investment costs rose 79 percent; fertilizer costs rose 64 percent; feed costs, 33 percent; and so on down the long, dismal list.

Throughout the same decade, the electricity has been one of the very few farm production costs which have not escalated in price. The rural electric cooperatives have done an outstanding job in holding down their controllable expenses in order to keep their rates at a reasonable level.

This is as it should be, for the REA 2-percent interest loan program was started in order to bring central station electricity to rural people who lived far apart and could not otherwise afford it. The availability of low-cost, long-term REA loans has been the equalizer, so to speak, that made it possible for farm and rural people to have electric service at about the same rate their city cousins were paying for it. This was the reason for starting the REA program in the first place, and it is an excellent reason for continuing it.

In view of this, I was understandably concerned to read in the Secretary of Agriculture's recent report on the state of American agriculture, titled "Agriculture on the Move," that the Rural Electrification Administration has established the policy of advising borrowers "to adopt rates in keeping with their financial needs instead of jeopardizing loan security by trying to maintain parity of rates with urban rates."

It is indeed true that because of the growing gap between available REA loan funds and the rural electrics' capital needs, REA has been forcing borrowers to use margins between revenues and expenses instead of borrowed capital to finance line construction and system improvements. This means, however, that the comparability of rates, which is the whole reason for the 2-percent loan program and which is one of the ways of encouraging farm families to stay on the land rather than move into the already overcrowded urban areas, is indeed in danger.

We have an immensely broadened program for grants for water and sewer construction in the urban areas to make living conditions in the city better. The REA customer is not asking for a grant.

but rather a loan, and the difference between 2 percent and the going interest rate gives a subsidy of a type, but it is a subsidy to allow the farmer central station electric power at about the same price his city cousin pays for it. Because of the vast distances between individual farmers compared to the many customers per mile of line in the city, this equalizer is necessary if reasonably priced electric power is to be available in the country. I am appalled at those who would label the REA program a vehicle through which the farmer gets an unwarranted advantage.

Our farmers are caught in a serious enough cost-price squeeze without escalating the cost of their electric hired hand over those rates paid in the cities. I cannot interpret this new REA policy to mean anything except that rural electric cooperatives are now being pressured by REA to raise retail rates in order to get the growth capital they need out of the hides of their farmers and other rural consumers rather than through loans from REA. Such a policy of advocating higher rural electric rates not only is a perversion of the equalizing purposes of the REA program, it also will add more rural refugees to those who have already been forced to migrate to our crowded and troubled cities.

Mr. Speaker, it is within our power to save the rural electrification program and in so doing, to help both our rural and urban areas. We can do so by substantially increasing the appropriation for the REA electric loan program for fiscal 1972 to more nearly meet the loan to provide reasonably priced, adequate electric service to our farmers, ranchers, and other rural businesses and residents. I support the rural electric program for the same reason I support the grants for sewer and water construction in the cities. These programs make the areas where American families, both rural and urban, more livable. I urge my colleagues to join me in this effort.

Mr. BRADEMAS. Mr. Speaker, I am pleased to join my good friends and distinguished colleagues, the gentleman from Texas (Mr. PICKLE) and the gentleman from Montana (Mr. MELCHER) in discussing a subject of paramount importance to millions of Americans—rural electric cooperatives.

As Congress approaches appropriation measures for the coming year, it is timely to consider the important role such cooperatives have had in the development of rural America, and also to point out the severe financial pinch which is restricting continued growth.

I cannot emphasize too strongly the crucial contribution that these co-ops have made in bringing electrification to rural areas and making them even more attractive.

Indeed, Mr. Speaker, rural electric cooperatives have been one of the most valuable forces in the development of the Third Congressional District of Indiana, which I am privileged to represent. In response to a questionnaire I submitted to Third District residents this spring, they indicated that programs to extend utilities to rural areas are one of the most important contributions the Federal Government can make to benefit Indiana farmers.

But the rural electric systems of America are desperately short of capital, and with each day the backlog of applications for assistance gets longer and the situation becomes more critical.

The Rural Electrification Administration has been hamstrung not only by inadequate funding, but by the administration's impounding of $15 million in REA funds which were only recently released.

Mr. Speaker, I believe the administration can perform a much greater service to the farming areas of the country by investing a larger share of the Federal budget in rural electrification than by staging a bogus county fair on the White House lawn.

At this point, Mr. Speaker, I include in the RECORD an editorial from the May 1971 edition of Indiana Rural News:

CAPITAL GAP WIDENS

Early this month, directors and managers from nearly all of Indiana's rural electric cooperatives will contact their Congressmen personally and seek their support of adequate appropriations for the Rural Electrification Administration.

Positive and immediate action by Congress is sorely needed.

In recent years, REA, the source of the major portion of capital loans for Indiana's REMCs and the nation's other electric coops, has not had enough money to meet the ever growing demand for funds to finance needed new construction, maintenance, and upgrading of the nation's rural electric systems.

Nationally, according to a recent survey, the rural electric cooperatives will require a total of $804-million in fiscal year 1972 to meet their service obligations. Indiana's REMCs will be submitting loan requests totaling more than $11.8-million.

The $804-million which is needed, however, represents a widening capital gap. Last year Congress appropriated only $360-million and the Administration only allowed $345-million to be made available to the cooperatives—despite a demonstrated power supply crisis and the growing demand for more and more electric power by the nation's consumers.

A Congressional subcommittee, which met last month to consider appropriations for REA in fiscal 1972, heard the need for $804-million in loan funds.

It was pointed out that the $804-million needed by the nation's rural electric cooperatives is only 5.5 percent of the $14.6-billion intended investment by the nation's electric utilities in plant and equipment this year. Although the rural systems seek to invest only 5.5 percent of the total, they serve 8.5 percent of the nation's consumers and operate 44 percent of the thousands of miles of distribution lines.

The capital gap threatens the ability of Indiana's REMCs to meet the growing service demands for their consumers.

Adequate loan funds must be made available. Adequate funds—which would be repaid with interest—would represent less than three-tenths of one percent of the federal budget, but would help assure almost 15 percent of Indiana's citizens and more than eight percent of the nation's population reliable and adequate electric service.

Mr. ABOUREZK. Mr. Speaker, down through the years there is one program that has continued to merit the praise and support of most Members of this body. Yet, in spite of this praise and support, the rural electrification program continues to be shunted aside in the priorities of this administration.

The administration refuses to request in its budget adequate loan funds.

It has set up stringent policies that are having the effect of draining badly needed dollars from rural areas into the Treasury here in Washington.

It continues to put an embargo on loans for generating plants, with the inevitable result that the Nation's private utilities are requesting their cooperative customers to pay higher wholesale rates with the firm conviction that these cooperatives will not be able to turn to REA for an alternative power supply.

Mr. Speaker, a distinguished American and former member of this body, Jerry Voorhis, recently addressed himself to the problems of rural electrification and the roadblocks being placed in its way by this administration.

Writing for the Cooperative News Service, Mr. Voorhis correctly observed that—

All it would take to assure a modicum of "power to the people" through ownership of viable electric cooperatives would be to devote the sheer waste and cost overrun from a single weapons system of the Pentagon to the rural electrification program. The $2-billion cost-overrun on the notorious CIA cargo and troop-carrying plane would more than do the job.

I include the article by Jerry Voorhis in the RECORD at this point:

"POWER TO THE PEOPLE": OWN THE ECONOMIC ENTERPRISE

"Power to the People" was the theme of Mr. Nixon's message wherein he appealed for his revenue sharing proposal.

Well, there is one very direct, tested, and effective way to bring power to the people.

That way is by giving the people a chance to OWN the economic enterprises that can supply their daily vocational and family needs.

In our American economy ownership IS power.

It is at present all too thinly distributed among most of the people.

But they have, through the years, formed one very effective way to acquire ownership. That is by joining, investing, and working together and thus building their own cooperative businesses.

There is no more dramatic fact about the American economy than this: Some 6½ million farm and rural consumers of electricity today own a very respectable part of the most basic of all industries—the power industry.

Rural electric cooperatives have—where they are allowed to exist—restored actual competition into the electric power business. They have done this in the face of the most virulent, well-financed, and often deceptive efforts of their large monopolistic competitors to destroy them.

The rural electric cooperatives have brought some real power to 6½ million rural families.

One would think that anyone sincerely concerned about "power to the people" would do everything possible to advance the progress of such worthy enterprises of the people.

But, not so today.

The electric cooperative *must* meet the needs of their member-customers. This means that they must expand their supply of electric energy as the needs of their growing numbers of members expand.

This takes money—more money by far than the cooperatives can readily command, despite their dedicated effort to establish and capitalize their own financing agency.

Their credit is gilt-edged.

Through decades the electric cooperatives have borrowed from the Rural Electrification Administration billions of dollars and their

record of repayment of those loans is one of the best in the history of American finance. This is one program that has not cost the American taxpayer anything.

And yet, present Administration policy seems clearly to be to make it as difficult as possible for the electric cooperatives to do their assigned job. With power use by rural consumers doubling every eight years it is obviously necessary for the cooperatives to "heavy-up" their lines, increase the capacity of their transformers and otherwise keep pace with the need.

But whereas a backlog of some $800 million of urgent loan applications is expected in the coming year, only some $345 million of loan authorizations is included in the Administration's budget. . . .

Furthermore, the cooperatives are being compelled to operate on a one year—sometimes even a six months'—future planning schedule, instead of the two years formerly allowed. This increases expenses and hurts relations with contracting firms.

A policy of advancing loan funds, even those already committed, only as fast as loan repayments come in is being followed. This is a No-Growth policy if there ever was one.

The electric cooperatives used to be certain that once REA made a commitment on a loan, the money would be available as needed. No longer is this the case.

Probably most serious of all is the virtual embargo on loans for generation and transmission cooperatives. Whether deliberate or not on the part of the Administration, this means that the electric cooperatives lose their bargaining power when they must negotiate with profit-making utilities for power supplies. Without at least the possibility that they could do their own generating, the cooperatives are helpless bargainers and the result is that they are being compelled to pay higher and higher rates for wholesale power.

All this adds up, to the impartial observer, to a program for depriving the people of what little power they have had.

And this is happening in the face of the Administration's plan to give the profit-making corporations, including the private utilities, a tax windfall through rapid depreciation thus strengthening the very forces that would like to destroy the cooperatives.

All that it would take to assure a modicum of "power to the people" through ownership of viable electric cooperatives would be to devote the sheer waste and cost overrun from a single weapons system of the Pentagon to the rural electrification program. The $2 billion cost overrun on the notorious C–5A cargo and troop-carrying plane would more than do the job.

It is time a lot of people got thoroughly angry. Speaking personally, here is one individual who certainly is.

Mr. HUNGATE. Mr. Speaker, the National Rural Electric Cooperative Association, better known as NRECA with 987-member systems in 46 States is fortunate, and the Nation is fortunate, to have the leadership provided NRECA by their distinguished general manager.

At this point, I include in the RECORD the speech Mr. Robert D. Partridge delivered at the 29th annual meeting of the NRECA in Dallas, Tex., in February of 1971:

SPEECH BY ROBERT D. PARTRIDGE

Three years ago I stood on this very platform as your newly-named general manager. I told you then of my conviction that the future of our program was dependent not only upon how we responded to the needs of rural electrification, but upon how we responded to the needs of the world around us.

Today that message is even more significant. We in rural America find our concerns cannot be isolated from those of urban America. Likewise, urban concerns cannot be isolated from the rural.

Nowhere is this more apparent than in the area of electric service.

It matters little whether you are a city dweller, a suburbanite, a farmer, a crossroads businessman or a commuter who is seeking a refuge in rural living—any breakdown in your electric service will affect you.

When electricity—the lifeblood of modern-day living—fails, every business, industry and household suffers. It will strike us all wherever we live, wherever we work.

Fortunately, we have not yet had to endure the catastrophe of a major breakdown in our electric service. But you—as leaders in an important segment of the electric industry—know how thin the ice is today.

There never has been more reason for rural Americans and urban Americans to join hands to develop solutions for this enormous common problem.

THE NATIONAL POWER CRISIS

By this time it would seem the national power crisis should be no secret. Yet there are those among our national policymakers who apparently do not grasp the extent of the danger.

This nation cannot afford to have another major problem suddenly overtake us. We can't be looking the other way as we were, for example, when the environmental problem burst upon us. It is time to call upon the American people and our government to correct our priorities and meet today's power crisis head on.

The enormity of the power crisis is difficult to comprehend. We speak easily of building 3,000-megawatt generating stations. But we are not likely to appreciate that each of these stations will need one thousand acres of land, seven million tons of coal a year, and millions of gallons of cooling water.

Yet, with the demand for power doubling every eight years, our industry must somehow build the equivalent of 10 or 11 of these plants every year. Under the best of conditions, this kind of growth would stretch the capability of our economic system to its limits. But, unfortunately, we don't have the best of conditions, and our already difficult problem is vastly aggravated by inconsistent government policies.

It has become painfully obvious that the lack of a comprehensive national policy on fuels, energy and power is a principal underlying factor in many of the electric industry's worst difficulties.

NEEDED: NEW NATIONAL GOAL

In the 1960's our national goal was to land a man on the moon and safely return him. That goal was achieved—at a cost of $40-billion.

For the 1970's I would propose a new national goal and a new integrated, comprehensive Federal policy designed to attain it.

Our goal should be the ensuring of an adequate supply of dependable, economical electric power—power produced in the cleanest manner possible so that our environment will be protected.

This goal, though less glamorous than sending a man to the moon, would be far less costly. And its rewards, in terms of direct benefits to people, would be far greater.

To achieve this goal, we must correct and realign government policies to encourage the results we seek. As important elements of this realignment, I want to suggest several concepts.

NEEDED: COMPETITION

As a start, we must restore competition in the marketing of fuels.

We face today a situation in which a few big corporations already have substantial control over the production and processing of the entire range of raw energy materials. And, of vital concern to all consumers, the scope of this control is still growing.

It is clear that such lessening of competition creates an opportunity for the seller to control prices. As a matter of fact, many experts believe that the current sharp increases in wholesale coal and oil prices are due—at least in part—to the mergers, the takeovers and other combinations which are occurring between previously competitive fuels.

The issue of concentrated control over fuel is one we need to press on every front . . . in the committees of Congress, with the agencies of the Executive Branch, and in the courts if necessary.

NEEDED: NATIONAL POWER GRID

Another concept we must continue to pursue is a national power grid.

Former Interior Secretary Walter Hickel suggested the need for such a grid to Congress. His statements on the shortcomings of our existing power system may have been unpopular with his Administration colleagues, but the fundamental soundness of his proposal is abundantly clear.

The United States must have the capability to move large blocks of electricity quickly from areas of surplus to areas of deficit. We cannot continue to expose major centers of population and industry to the threat of blackouts and brownouts.

Some of the transmission links necessary to ensure this capability may not be economic in terms of rate of return to private investors. At the same time, however, our national security, our public health and our public safety—all of which are jeopardized by an unreliable power system—should not have to depend on the profit requirements of the money market.

Secretary Hickel never advocated a government-owned, "nationalized" power system. Neither do I, not does NRECA. What I *do* suggest is this: There is a critical need for the Government to step in and build those segments of our power grids that may be privately uneconomic but which are necessary to ensure reliability.

NEEDED: PLANNED LINE AND PLANT SITING

Another problem area that requires prompt action is that of power plant and transmission line siting.

One fact we must not overlook is this: There are only a limited number of usable sites upon which to locate the power plants needed to supply the seemingly unlimited demand for electricity.

In view of these facts—plus the competitive pressures for available sites—some legislation is very likely going to pass Congress soon.

We must make certain that the interests of the ultimate consumer, as well as those of rural electric systems, are adequately protected in that legislation.

NEEDED: RELIABILITY WITHIN CLEAN ENVIRONMENT

An important concern today is how to have reliability in the electric industry without injuring our environment.

We recognize the legitimate concern of conservationists and the general public for protecting the environment against dangerous pollution.

At the same time, many of us believe it would be as unwise to give conservation groups regulatory control over electric power matters as it would be to grant the utility industry complete control over environmental matters.

We have, therefore, expressed deep concern over portions of several reliability bills which would give conservation-oriented groups veto power over Federal Power Commission certification decisions.

Nevertheless, it is alarmingly apparent that strong measures to restrict environmental pollution are absolutely essential.

This past year has already seen enactment of legislation vastly strengthening the Federal laws designed to clean up our air and

water. The Environmental Protection Agency has been granted broad powers by Congress, and it has announced its intention to use them. Its strong hand will be felt by the entire power industry.

Proceeding one further step, the question arises as to what Federal agency would have the capability to administer a broad government program involving power.

NEEDED: NATIONAL POWER AGENCY

Which bureau or commission could oversee plant and transmission sitting, or application of the common carrier principle to a national power grid, or questions involving environmental protection?

Perhaps it could be the Federal Power Commission. However, the FPC is a quasi-judicial body grounded in the concept of adversary proceedings. Consequently, I believe we should look toward the development of an agency more administrative in nature—perhaps a power administration of some kind. We need an organization that would be reflective of all segments of the industry and of the public and its concerns.

Only in this way will it be possible to meet our goal of adequate electricity while protecting the legitimate concerns of consumer-owned electric facilities and the general public.

NEEDED: COOPERATION WITHIN THE INDUSTRY

Another problem that is constantly with us is relationships among the various segments of the electric industry. The time has come to work more diligently for peace and understanding.

In addition to all of the other controversial issues in the power industry, we are still plagued with philosophical strife among cooperatives, municipals, and the investor-owned companies.

The consuming public, in my opinion, will not tolerate this costly bickering in the midst of a power crisis.

Just what solution we can find, I am not certain. But I am certain that the answer is not to phase out those segments of the industry some might consider to be smaller and weaker.

Recognizing that the bitterest of the controversies of the past have revolved around plans for bulk power supply, it may be that this function should be separated from the distribution function.

Under this concept, corporations or public bodies would be empowered to finance, build and operate bulk power supply facilities. Wholesale energy from them would be available to all electric systems—large and small, commercial and cooperative, public and private.

This is not a new concept, and it is no guaranteed cure-all. But it is worth serious examination by the industry and by Congress—not only from the standpoint of harmony, but from the standpoint of consumer service.

NEEDED: RESEARCH AND DEVELOPMENT

Adequate research and development must also have our concern, for these are the keys to future abundance of electricity.

The breeder reactor, nuclear fusion, magnetohydrodynamics, coal gasification, underground transmission, geothermal energy—these and other potential solutions to our power needs should be brought to commercial feasibility as soon as possible.

The breeder-type nuclear reactor is an example of the potentialities among the ideas just mentioned. This is a machine which would multiply by several thousand our total useful nuclear fuel. Most experts are forecasting that with adequate research and development funds, commercially feasible breeder machines could be in use by the mid-1980's.

It could cost about $2-billion to achieve that objective. But the benefits of the breeder, in terms of conserving uranium reserves and uranium processing costs, could amount to $25-billion by the year 2005. And, of all the various types of large-scale thermal generating stations, the breeder reactor would pollute the surrounding air and water less than any other.

As consumers we all have a vital concern that research and development in all potential areas move forward speedily. This will take Federal action, and it is up to us to press both the Administration and the Congress to get on with the job.

NEEDED: REASSESSMENT OF HYDRO POTENTIAL

Another area now offers us a new potential—hydro-electric power.

The cleanest way to produce electricity is with falling water. And multiple-purpose resource development also brings us flood control, recreation, pollution abatement, municipal and industrial water supply, wildlife preservation, and other benefits.

It is time to redouble our efforts to ensure Federal development of feasible hydro sites. And we must continue to fight to roll back the artificially and arbitrarily inflated costs—costs erroneously attributed to hydro development.

The escalating cost of fuel and the need for expensive environmental protection devices on thermal power plants may well justify a reassessment of many hydro projects.

This reassessment should come now, together with a full-scale Congressional investigation of the water resources evaluation procedures.

It is clear something needs to be done to shake the smug complacency and inertia out of government water resource planning.

NEEDED: NEW AVENUES FOR POWER SUPPLY

The subject of bulk power supply also needs our constant attention. We must explore every possible source.

Our rural electric systems in Wyoming, Montana and North Dakota have been backing one of the most advanced power supply concepts on the horizon. Bills recently considered by their legislatures would have established wholesale power supply districts with the authority to plan, build and operate generation and transmission facilities. These would be financed by revenue bonds, and power from them would be made available to all electric systems in the area.

Joint participation is another avenue to low-cost power that consumer-owned utilities—rural electric as well as municipal—must follow. Most of us are not large enough to make the best use of the efficiencies made available by modern technology—unless we can find some way to share in the construction and output of large-scale plants. We know this can be done. There have been cases where we have worked together successfully in obtaining large generating units financed with tax-exempt bonds.

No segment of the industry has enough bulk power now or for the foreseeable future. And never has the consumer-owned segment been more urgently needed to head off the monopoly control that threatens our industry.

The retrogressive tax policies now being proposed do nothing but guarantee higher-cost electricity.

We must step up our efforts to head off an adverse ruling by the Internal Revenue Service, and we must insist on a ruling that leaves no doubt that these kinds of joint projects not only are allowed but encouraged. If this should take legislation, then we should have no hesitancy about making that effort.

NEEDED: CHANGE IN REA'S PRESENT COURSE

My final subject is one that is of paramount importance—the Rural Electrification Administration's (REA) loan approval and cash advance policies.

The past year has witnessed two signficant advances in rural electrification financing. We launched a new lending institution—the National Rural Utilities Cooperative Finance Corporation, or CFC—with which to bring non-Federal capital into our program, and we have obtained from Congress authority and approval to strengthen this new institution by temporarily applying repayments on existing loans to expand CFC's seed capital.

The Cooperative Finance Corporation would never have left the ground without the wholehearted, conscientious support and cooperation of the REA Administrator and his staff. I know I speak for all of us in expressing appreciation to Dave Hamil and all the other people at REA for their contribution to the successful beginning of CFC.

But it is no longer any secret that REA is using its pursestring power to squeeze system general funds and reserves to four or five percent—a level at which some cooperatives will soon be unable to meet immediate cash flow requirements.

It is no secret that loan applications—which used to be granted on the basis of a two-year construction program—are now being cut to a one-year cash requirement less unadvanced loan funds and cash to be generated during the period of the loan.

The word is out that the Office of Management and Budget is keying REA cash advances to the repayments on existing loans. This is a whole new restriction on the use of funds appropriated by Congress and intended to be used for this program.

The amounts of REA loan approvals and cash advances have, in some cases, become a matter over which REA and the borrower argue and haggle.

We are aware of the fact that today's consumers are being forced to pay for facilities that will be used by tomorrow's members through the retention of capital credits or through higher rates to help meet the critical need for capital.

We know, too, that for more than two years, REA has not approved a single loan to cover the full cost of any major generating unit.

These practices are not the result of any published REA policies. They are apparently little more than ad hoc Band-Aid bookkeeping designed to cover up the Administration's failure to recognize rural electrification as a desirable program worthy of the funding and support necessary to ensure its continued existence.

Whether written or unwritten, these policies need to be changed if we are going to have what is necessary for the survival of rural electrification.

We learned early in the history of the REA program that when Administration—and this applies to both parties—become preoccupied with other problems, we have to take our case to Congress. When we have done this, we have usually succeeded in getting the job done.

That is what we must do now—you and I and all the rest of us.

"TO BRING OUR NATION OUT OF ITS POWER CRISIS"

Today, I have outlined for you the essentials of what I believe to be a positive program to bring our nation out of a power crisis so critical that it threatens even our national security.

It is a national energy plan which will benefit not just the rural consumer, but each and every consumer . . . in every part of our nation.

Once again, I call on you for the kind of dedication and determination that made this program great.

Once again, I ask you to undertake a task that people say can't be done.

But—as in the past—I believe you will show the world . . . it can be done.

Mr. BROYHILL of North Carolina. I am pleased to join in this discussion today, because I share the serious concern that is being expressed here about the financial crisis confronting our rural electric cooperatives.

This is, by no means, a partisan issue since we are dealing with a problem of growing seriousness which touches the lives of tens of millions of Americans who depend upon REA cooperatives for the electricity to light their homes and power their farms and businesses. The welfare and productivity of a large segment of our economy depends upon the continuing ability of the individual cooperatives to meet the service requirements of their subscribers. There is a very real danger that these needs will not be met.

The demands for increasing electric power throughout the year in our rural areas are growing at an enormous rate which was not foreseen a decade ago. Such requirements have placed a great strain upon the financing system which REA cooperatives have had available to them. We are at this time in an interim period wherein the cooperatives are developing their own credit institution, the National Rural Utilities Cooperative Finance Corp.

Already, this new institution is providing assistance to some of its 778 member systems. However, a continuing shortage of REA-loan funds can have serious consequences for CFC and jeopardize its chances for its eventual assumption of a major role in financing the rural electric co-ops of the Nation.

It is my hope that the legitimate needs of the country's rural electric systems can be understood and that appropriate congressional action can be taken to assure that the needed assistance is provided.

Mr. BEGICH. Mr. Speaker, the rural electrification program of this country is unique in concept and accomplishment. It is a program oriented to meeting the needs of people, and for more than three decades has brought a peaceful, progressive revolution in the economic, social and cultural life of rural America. It has done this through a healthy combination of Federal loan funds and the efforts of thousands of rural residents.

Their efforts and the participation of the Federal Government have made our REA program the model for similar activity in many parts of the world. And it is to the credit of our people—the rural electric people of this country—that many of them have gone abroad to share their knowledge and experience with other people.

But their efforts have done much more here at home. They have raised the standards of health and the rural economy and housing and education and just about every facet of life. This is a demonstration of what people can and will do, given the opportunity.

We in Alaska recognize the vital importance of rural electrification. We realize that without such a rural electric cooperative program, much of our vast State could never benefit from electric service.

The dramatic story of Alaska Village is an illustration of what I mean. There are many Indian, Eskimo, and Aleut villages straddling the Arctic Circle. Fifty-nine of those remote villages have united to form Alaska Village Electric Co-op. Distances are so great, only seven of the villages can be served in the traditional way from a central generating station. The other 52 will be served by small individual generators in their own villages, for these villages are hundreds of miles from each other. They range in size from a handful of families to a couple of thousand people.

To me, this is illustrative of the best in this program or any other program. People helping people, and their government being an integral part of the help.

But all is not peaches and cream. There are problems among the rural electric co-ops of Alaska. They are problems we share with other co-ops across the length and breadth of this great country.

Alaska rural electrics have experienced delays in loan approvals from REA, or even had loans reduced, just as have many systems in other States. The reasons given go like this: "Insufficient funds;" "reduced because of the Association's current financial position—that is, general funds in excess of REA authorized amount."

These loan problems are not Alaska's alone. I understand we share this with all REA borrowers. The administration has asked in the budget for some $345 million in electric loan fund authorizations for the next fiscal year. Alaska's loan fund needs in fiscal year 1972 will be more than $23½ million.

Adequate, dependable, reasonably priced electric service is essential to rural Alaska, and to all of rural America. It has been proved this service can best be provided by a dynamic, viable rural electrification program on the REA pattern.

We must keep it that way.

The REA loan fund appropriation of $345 million asked by the administration in its budget is woefully inadequate and must be increased for this program so vital to all America.

We in this Congress must not stand idly by and see this great program wither and die because of inadequate loan funds.

REA loan funding is an investment in the people of America and we must demand that it be made adequate.

Mr. LINK. Mr. Speaker, first let me express appreciation to my colleagues who have organized today's special recognition of the rural electrification movement and what it has meant to the progress of our Nation.

Perhaps nowhere in the Nation is the impact of this important and successful program more apparent than in my State of North Dakota.

And North Dakota provides a vivid example of why the Rural Electrification Act was passed and why the Congress has always supported it. One only has to note that there is more than one mile of electric line for every two rural electric consumers in my State to understand how necessary the REA program is. And it points up how vital it is that we in Congress continue to give it our full support.

In this day of rising farm costs and dwindling incomes, it is especially important that we make certain there is a plentiful supply of electricity at reasonable prices available to our farm families.

Beyond that, I believe it is time to stop giving lip service to the idea of rebuilding rural America and to get on with the job.

A distinguished native son of North Dakota, Eric Sevareid, contemplated some of the problems facing our countryside during the CBS Evening News on May 27. With his usual keen perception, Mr. Sevareid pointed out that "somehow, more rural people have to find it possible to stay there, and somehow more city people have to find it possible to move and work there."

A strong, viable rural electrification program provides the foundation upon which we can begin to work toward balancing our Nation's population away from our already overcrowded cities to our open countryside.

I include the full text of Mr. Sevareid's remarks at this point in the RECORD.

SEVAREID CONTEMPLATES U.S. RURAL SCENE

ERIC SEVAREID: The prices Americans pay for their food, rising more slowly than most things the last couple of years, are now beginning to rise faster than most things, but in spite of this, the tempers of most American farmers, revealed in the November election to be high, are not likely to simmer downward.

They are still caught in the parity bind. Parity is the statistical relationship between what farm produce earns and what the farmer pays for his supplies and equipment. In an ideal world, it would stand at 100 per cent. In the 1968 campaign, Mr. Nixon said he would get it above the then-existing level of 74. Parity is now down to 69.

But even a sharp rise in parity, if that's possible, won't really touch the underlying conditions of farming and rural life in this country. People, money and political power has simply moved away from the farm counties in a vast, demographic landslide.

Two basic conceptions have emerged, as everyone has pondered what to do about this historic shift. One is that the excruciating big city problems cannot be solved entirely in the big cities. Another, that farm areas cannot be left entirely to farming. Somehow, more rural people have to find it possible to stay there, and somehow more city people have to find it possible to move and work there.

It's with this fundamental level of the problem that some presently proposed legislation is trying to deal. There are many service institutions and small industries that can properly relocate in rural areas if they can get and hold trained manpower. The administration wants to consolidate various grant programs to rural areas and small cities, under its revenue sharing concept.

Fifty senators, led by Pearson of Kansas, want tax incentives for relocated industries; 40 senators, led by McClelland of Arkansas, would encourage allocation of federal contracts and manpower training programs for businesses that move to the countryside.

It is hard to make a case that the United States as a whole is overpopulated, very easy to demonstrate that the distribution if population has gone painfully lopsided.

Mr. HATHAWAY. Mr. Speaker, the inadequate funding of loans for the Rural Electrification Administration has left our rural electric cooperatives in such an imperiled state that mere existence for many is in doubt.

If granting these loans involved a handout, then hesitancy might be more understandable. However, these loans are not only repaid in full, but with interest. It seems incredible under these circumstances, and in view of the urgency of maintaining sufficient power sources dur-

ing the summer months, that the funding level of the USDA's Rural Electrification Administration has not been substantially increased.

This problem is not new to my attention. As a proponent of the Dickey-Lincoln School hydroelectric power project, I am fully aware of the frustrations inherent in trying to provide a reasonable and reliable source of power at an equitable rate for the consumer.

The Dickey project has a benefit/cost ratio of almost two to one, and like the REA, funds, is completely reimbursable with interest. It would contribute towards saving the consumer an estimated 25 percent annually on electric bills. This is especially important to the rural consumer and to the rural electric cooperatives which must buy wholesale power from investor-owned utilities.

The Dickey-Lincoln school project is located in a part of Aroostook County which is classified as an economic development area. If funded, numerous employment opportunities would arise and associated wages related to project construction and future operation and maintenance would result in substantial relief to the economically depressed area. Besides providing jobs, it would also create flood control, area redevelopment and recreation. At the same time it would present the only nonpolluting source of electric energy in existence, hydroelectric power.

In very recent testimony before the House Subcommittee on Public Works Appropriations, the National Rural Electrification Cooperative Association stated the view that "there is no reasonable justification whether to further postpone construction of this project." The NRECA points to the need for the 830,000 kilowatts of generating capacity that the project offers, states that the economic feasibility is beyond question, and calls for appropriation of $1.5 million to complete the planning and get the project going.

Although there is no item in the pending budget for Dickey-Lincoln, this project has been supported over the years by both Democratic and Republican administrations. It has enjoyed bipartisan support in the Congress, but like the REA funding, has not received enough to make it operable.

In a region which has the highest energy rates in the Nation, Dickey could serve as a yardstick in determining cost comparisons. The benefits derived from this comparison would greatly relieve the area's rural electric systems.

Therefore, I seek your support for the continuation of our rural electric cooperatives. This can only be accomplished by a substantial increase in the annual funding level of the Rural Electrification Administration. I strongly urge that this increase be made now, lest the REA's light becomes, like the firefly's, very brilliant and yet just as shortlived.

Mr. MIKVA. Mr. Speaker, it gives me great pleasure to join with my colleagues, the gentleman from Texas (Mr. PICKLE), and the gentleman from Montana (Mr. MELCHER) in paying tribute to the rural electric co-ops across America.

In April, I had the unusual opportunity to spend some time down on the farm. The Panhandle Rural Electric Membership Association invited me to speak at their annual membership meeting in Alliance, Nebr. The affair was billed as a cultural exchange between an urban Congressman and a group of down-to-earth rural constituents. I am not certain how much I enlightened them about urban problems, but I certainly learned a good deal about rural problems.

I firmly believe that this kind of mutual understanding between rural and urban Americans and their representatives in Congress is urgently needed, if we are to work together, as we must, to solve our common problems.

For the benefit of some of my city slicker colleagues who know as little about rural electric cooperatives as I did before my trip to Nebraska, I would like to insert in the RECORD an article which recently appeared in the May 28 edition of that fine farm publication, the Wall Street Journal.

The article explains the important role that electric co-ops are playing in the development of rural areas—not just in terms of providing electric power, but as a force for community organization. Housing and job training are two of the areas in which a great deal of progress is being made, thanks to the efforts of the co-ops.

William Jennings Bryan once said:

Burn down your cities and leave our farms and your cities will spring up again as if by magic, but destroy our farms and the grass will grow in the streets of every city in the country.

I hope we do not come to the point of testing the truth of those words. We have come too close to burning down our cities already, and we are all still waiting for the magical rebirth Bryan promised. In the meantime, it would seem that grass is plentiful in the streets of the city, if the latest figures on marihuana arrests are accurate.

In sum, we have a lot of work to do, both in the cities and in the countryside, to begin to make the vision of America a reality. Mutual understanding of the differing but related problems of city and farm is urgently important.

Some of the most significant work in dealing with rural development problems is being done by rural electric cooperatives, and I urge my colleagues from the cities to take an interest in their activities.

The article referred to earlier follows:

RURAL ELECTRIC CO-OPS DIVERSIFY IN ATTEMPT TO KEEP MORE CUSTOMERS DOWN ON THE FARM

(By James C. Tanner)

Staff Reporter of THE WALL STREET JOURNAL

LAFAYETTE, LA.—An aggressive new business is beginning to surface in small-town America. It is called a rural electric cooperative.

By name at least, the nonprofit consumer-owned co-ops known as rural electrics are old-timers. Farmers started them in the 1930s with 2% loans from the Rural Electrification Administration. They drove the kerosene lamp from the country side, only to find that more than bright lights were needed to keep people down on the farm.

But now the rural electrics are making a comeback—by shedding the farmer image and by becoming activists in their communities.

This new approach by the rural electrics has made a homeowner out of Rodney Savory. The 23-year-old truckdriver from nearby Scott, La., had given up on getting a home loan until he attended one of the meetings on housing being held in this area by Southwest Louisiana Electric Membership Corp., or Slemco, of Lafayette. The co-op steered him to the Farmers Home Administration for financing and told him how to apply. Mr. Savoy now is building a three-bedroom brick house.

Thanks also to Slemco's efforts, a new school for mentally retarded children is being built in the little town of Iota. At the town's request, Slemco helped Iota make a pitch in the Louisiana legislature for the school.

BOOSTS PLANT, HANDLES HIRING

The Lafayette co-op gets considerable credit, too, for a yarn products plant under construction at Martinville. The plant will provide 1,000 jobs for the area, reports U. J. Gajan, general manager of Slemco. He should know. After helping St. Martinville get the new industry, he sent Slemco staffers to the town to screen job applicants for the plant.

Around the oil fields, rice paddies and crayfish and catfish farms of Cajunland—this French-speaking part of south Louisiana—Slemco is considered somewhat of a swinger. Its annual meeting of consumer-members draws more than 10,000 and is considered one of the biggest fetes of the year in Lafayette.

Slemco isn't a typical co-op. With 38,000 consumer members, it is one of the largest, if not the biggest, in the nation. But its change in emphasis to community development is being shared increasingly by the other rural electrics.

The co-ops are sponsoring and promoting, and in some cases building, new houses, schools, parks, golf courses, swimming pools, hospitals, resorts and factories in the rural areas. Samplings of scores of the nation's 1,000 rural electrics indicate that at least three out of every 10 are involved in such nonpower projects in the regions they serve, and the trend appears to be snowballing.

"We've got to make the rural areas more palatable to stop the migration to the cities," says W. V. Thomas, general manager of the Wisconsin state association of rural electrics.

Growing evidence suggests the migration already has stopped and perhaps reversed. With new highways and the clean air of the countryside beckoning, more urbanites are moving to smaller towns and commuting to jobs in the cities. Many others are building weekend and vacation homes in the rural areas. "Everybody wants his five acres in the country," says a Texas co-op official.

Obviously, the rural electrics are beginning to benefit. Nationally, these co-ops have 6.5 million meters linked to their lines and are expected to add at least 150,000 more this year. More than half of the 20 million to 25 million people provided power by the co-ops, based on four persons per meter, already are "nonfarm" (electricity users who may live on the farm but don't make their living there), and seven out of eight new customers of the co-ops fall in this category.

The metamorphosis in membership rolls is reflected in part by the changing attitudes of the co-ops. "To say we took the lantern off the farm means nothing to most of our members now," says Ronald J. Knouse, manager of member and community services for Blue Ridge Electric Membership Corp., Lenoir, N.C. He notes that only 10% of Blue Ridge's customers derive most of their income from farming today, versus 90% 25 years ago.

Even so, the so-called investor-owned and municipal power companies are continuing to cut into the territories of the co-ops, leaving many of them only with still-sparsely settled regions. And many of the residents of these regions are among the nation's poorest.

UNIQUELY EQUIPPED CATALYSTS

An estimated 14 million impoverished Americans live in the rural areas. Some 50%

of all rural housing is said to be substandard, compared with an estimated 14% in urban America. One South Carolina co-op surveyed just one of its counties and found that 40% of the 7,000 houses had no toilet facilities.

Armed with such evidence, South Carolina's rural electrics are launching "Stand Tall" programs throughout the state to develop jobs and job training and to provide housing, water and sewer systems, schools and recreation for the rural poor. "These are the people who would go on to the slums of the cities if not helped and become dope addicts," says a spokesman for the state's electric cooperatives.

The co-ops have their own interests at heart, of course. J. U. Gajan II, director of power sales for Slemco, notes that the co-ops can increase their electricity loads by improving the lot of their customers. "We're not really looking at it moneywise—it's hell to be poor—but if we can move someone from a $2 a month house to a $5 a month (electric bill) we're helped too," he says.

Whatever the motive, the rural electrics appear to be uniquely equipped to become catalysis for a turnaround in rural America. "The co-ops, usually the largest single business organizations in their communities, have a corporate citizen interest in this whole matter," says Robert D. Partridge, general manager of the National Rural Electric Cooperative Association. "Many millions of future Americans," he adds, "are going to have to have jobs and live in what are now rural areas. The cities can't absorb them, and the co-ops need these additional consumers to offset their loss of farm consumers."

A PUSH IN HOUSING

Other observers agree. "It's the greatest development idea beyond the city limits," says David A. Hamil, administrator of the Rural Electrification Administration, which still provides financing of around $345 million a year to the co-ops but only for power purposes. And Congressman Wright Patman of Texas told the co-ops at their recent Dallas convention: "Slowly we are making headway in this area, but the rural electric cooperatives must still provide the nucleus of any new efforts to revitalize rural communities."

If anybody's unhappy about the co-ops' expanded activities, in fact, it's mainly the investor-owned utilities who don't get the benefit of low-cost government loans for their power facilities. Utility executives grumble that if they were able to get 2% loans, they, too would have more profits left over for community development activities.

The biggest push by the co-ops is in housing. Their national association lobbied through Congress a liberalization of lending policies as well as additional funds for the Farmers Home Administration. On the home front, the co-ops began vigorously rounding up home-buyer prospects to use up the $1.5 billion the Farmers Home Administration has available this fiscal year.

The result has been a flood of home-loan applications into understaffed FmHA offices. Mills J. Vautrot, assistant county supervisor for the FmHA office in Lafayette, says he is closing twice as many housing loans this year.

Many co-ops have begun helping process loan paperwork for the FHA. A North Carolina rural electric hired an additional man for this purpose. Some co-ops have put on, or at least assigned, as many as four staffers to handle FmHA loans. At Jackson, Ga., the co-op's "Power-Use Organization," wives of consumer-members of Central of Georgia Electric Membership Corp., has made housing its club project this year. "By financing homes for them, we can hold people in the country and keep the poor devils out of the city," says Robert F. Armstrong, manager of the Georgia co-op.

JUST A COINCIDENCE

Some co-ops are going even further on housing. Wisconsin's rural electrics set up a statewide housing cooperative that is using government grants and loans to construct homes for the rural poor. Similarly, at Wilburton, Okla., a nonprofit housing co-op recently established by Kiamichi Electric Cooperative is constructing more than 600 homes for low-income families. It is so coincidental, the co-op says, that the houses are all-electric.

But houses alone aren't enough, the co-ops figure. So they are passing for some amenities, too.

In Texas, the rural electrics have helped establish several hundred water districts and are involved at the moment in developing LBJ State Park, named after the former President. In New Mexico, electric co-ops rode to the rescue of a narrow-gauge railway abandoned by the Denver & Rio Grande Western Railroad. A resulting two-state joint venture begun by New Mexico's rural electrics has salvaged a 67-mile stretch of scenic route in Colorado and New Mexico. It will be reopened this summer for tourists and narrow-gauge railroad buffs.

Clinton County Electric Cooperative at Breese, Ill., helped establish a junior college at nearby Centralia and then got behind community campaigns to improve medical facilities. One of the co-op's officers headed a financing drive that resulted in a new 100-bed hospital. Now he directs a group that's trying to bring in more doctors and nurses. The organization already has netted one new doctor with its campaign this year.

PLUGGING RURAL VIRGINIA

Jobs are important, too, and that's why the co-ops are hustling for new industries for their areas. Earl J. Shiflet, executive manager of Virginia's statewide association of electric cooperatives, now spends half his time making speeches in the cities to plug the industrial attractions of rural Virginia.

North Carolina's Blue Ridge Electric says it has brought nine industries to its area in the past 12 months. They include textile, woodworking, metalworking and furniture plants and provide 1,200 jobs.

At Medford, Wis., Taylor County Electric Cooperative puts up seed money to get new industries started. It's also keen on airport improvements, perhaps because its 68-year-old manager, Charles W. Berglund Jr., got his pilot's license last November.

Georgia's statewide co-op association recently hired an industrial-development specialist who's trying to fill the state's empty buildings with new firms. "Cotton is dead," says a spokesman for the Georgia co-ops, "and there seem to be a lot of vacant warehouses."

Eastern Maine Electric Cooperative parlayed a vacant warehouse it owns, into a thriving new industry for Calais, Maine. The industry, a shirt factory, did so well it has moved into its own new plant. Now the co-op is trying to get someone else to occupy the warehouse, and a winemaker and a paintbrush manufacturer have expressed interest. "This is the grass roots," says Robert V. Clark, manager of the co-op, adding: "If it doesn't start here, it doesn't start."

Mr. OBEY. Mr. Speaker, some weeks ago, I spoke on this floor about the importance of co-ops, and in particular REA co-ops, to our rural communities. I am pleased to join with a number of my colleagues in discussing this again today, for the problems facing our REA co-ops are severe enough, and their importance to a viable rural America clear enough, that these issues cannot be overstated.

Those in our rural areas look to the rural electric cooperatives of the Nation for the adequate, reasonably priced supply of electricity which is essential to the success of modern farming operations and rural area development efforts.

As I pointed out a few weeks ago our rural electric co-ops have been placed on a starvation diet so far as the REA loan program is concerned. To be sure, there has always been a backlog of loan applications at REA. The fact that this backlog has now grown to enormous proportions is what concerns so many of us today.

While the rural electric systems report that the minimum loan needs for fiscal year 1972 equal $804 million, the administration's budget request for fiscal year 1972 was only $345 million. The budget request was effectively increased recently to $360 million with the release of $15 million in previously frozen REA electric loan funds. In Wisconsin the backlog of loan applications on December 31, 1970, was over $3.3 million, and the total loan need through June 30, 1972, is estimated at $22.8 million.

Because of inadequate loan funds, REA has abandoned its longstanding policy of financing 2-year construction programs in favor of more costly 1-year programs. Reserves rather than loan funds are being used for construction, leaving co-ops without adequate reserve cash on hand to rapidly repair storm damage to their systems and to meet other emergencies. An embargo has been placed on power supply loans at a time when we are facing power shortages all across the country. REA co-ops have recently established a self-help supplemental financing institution, the National Rural Utilities Cooperative Finance Corporation—CFC—but, CFC lending operations will be handcuffed by limited funds during its early years, and can hardly be expected to handle the existing massive backlog of loan needs.

But today REA means more than just electricity for rural America. From housing to airport improvements, rural electric cooperatives are spearheading the rejuvenation of rural and small-town America.

Why the effort to enter into areas of rural development other than electrification?

As a most informative book entitled "Rural Electric Facts" points out:

> What happens to rural communities and to the economy of rural America is of crucial concern to the electric cooperatives which provide service there. The consumers on the lines of the cooperatives own the systems; they also reside, earn their livelihood, and pay taxes within the rural communities where the cooperatives serve.

Certainly there is a great deal to be done to improve the quality of life for those in our rural communities. Estimates are that 14 million impoverished Americans live in rural areas, and that 50 percent of rural housing is substandard. An NRECA survey a few years ago found 1.7 million substandard homes in rural electric cooperative lines.

For this reason a major effort for rural rejuvenation has been made in the housing field. Wisconsin rural electrics have set up a statewide housing cooperative, and others have spurred prospective home buyers to make use of $1.5 billion in Farmers Home Administration funds.

All this may seem uninteresting, if not completely irrelevant, to many citizens in our urban centers. But rural and urban problems are often directly related.

As the Wisconsin rural electric co-ops

noted in a statement of principles for 1971:

Many of today's pressing urban problems are due to an overwhelming population congestion which places impossible demands on the capacity of cities to provide jobs and services.

Rural development programs including the attraction of new industries and the creation of jobs in rural America, the protection of our natural resources, transportation improvement, and manpower training programs are designed to keep rural residents in rural areas, and to encourage those who have found crowding, unemployment and pollution in the cities to return to their former homes in rural communities.

Certainly, Mr. Speaker, no one can deny that REA's objectives of replacing the lantern with the light bulb in rural America has been accomplished, and admirably so. With the help of the administration and the Congress, especially in the form of loan funds, I am sure we can expect rural electrics to continue to provide a significant amount of the power needs of rural America. It seems increasingly clear that they will become involved in other rural development efforts as well.

What all this means is that those in rural communities, and those in our urban areas too, owe a great debt of gratitude to our REA co-ops. It is certainly fitting and proper that we in the House take the time today to both honor them and discuss some of their problems.

Mr. FINDLEY. Mr. Speaker, the rural electrification program has played an important role in the development of rural Illinois and I am proud to salute the leaders who have done so much to make the rural electric cooperatives effective community builders in my State.

One of the actions of the rural electric leaders nationally that I support is their decision to develop a way to obtain from the private money market more of their capital. They voted in 1969 to establish the National Rural Utilities Cooperative Finance Corporation—CFC. This is an independent, self-help credit institution, created by the member rural electric systems to provide supplemental financing for the rural electrification program—an approach I had long urged.

I regard the accomplishment as a remarkable step and one which the members of this House ought to recognize and support.

Faced with power demands which are doubling about every 7 years, the rural electrics require large sums of new capital in order to meet their needs. This is similar in the entire utility industry.

As industries move into rural areas to find room for expansion and new members move to rural electric lines almost daily, it has become necessary to find additional capital to finance heavier facilities and to construct new services. Projections indicate that from $6 to $7.5 billion in new capital may be required within the next 15 years if the rural electrics are to keep pace with demand.

CFC's principal objective is to fill a portion of the gap between the amount Congress appropriates for REA loans and the actual needs of the program. In order to reach this objective, the rural electrics are utilizing their own resources through CFC in order to establish a basis for securing additional financing from private investors.

The purposes of CFC, as set forth in the articles of incorporation, are "to provide, secure, and arrange financing for its members and patrons as required by them for the planning, initiation and execution of their programs, projects and undertakings conducted in accordance with, and in pursuance of their objectives under the statutes of their respective places of organization and operation, in the United States of America, its territories and possessions, for the primary and mutual benefit of the patrons of the association and their patrons, as ultimate consumers."

Incorporated in April 1969, under the District of Columbia Cooperative Association Act, CFC is a nonprofit cooperative organization.

Membership in CFC is open to cooperative or nonprofit public corporations, utility districts, and other public bodies, which have received or are eligible to receive a loan or a commitment for a loan from REA and which are engaged or planning to engage in furnishing utility services to their members and patrons for their use as ultimate consumers. Federations and statewide, regional, and national associations which are owned and controlled by the above-mentioned organizations are also eligible for membership.

At the present time, a total of 787 systems are members of CFC.

Capital for CFC is obtained from four principal sources: membership fees, purchase of capital term certificates by the member systems, operating income, and long- and short-term senior debt obligations offered to the public.

In order to become a member of CFC, the systems must pay a membership fee. No interest is paid on membership certificates.

Investments in capital term certificates are based upon prescribed formulas which assure equitable treatment for all members. These capital term certificates have a maturity of 50 years and bear an interest rate of 3 percent. In addition, any system borrowing from CFC will be required to invest 5 percent of the total loan amount in additional capital term certificates.

When CFC takes its securities to the market, the loan portfolio will include mortgages on a number of systems located throughout the Nation. This will give the portfolio greater diversity. Through a technique of substitution, CFC will be able to keep its portfolio strong and more attractive to investors. Level debt service and an outstanding credit record established over the 35-year history of rural electrification are additional features which appeal to investors.

CFC loans are divided into three categories: First, unsecured short-term loans; second, concurrent CFC–REA long-term secured loans and third, 100 percent CFC long-term secured loans to both distribution and power-type borrowers.

The short-term loans are made for a maximum period of 18 months with a limit of $1 million on any single loan to an individual system. Interest rates on these unsecured loans will be based upon the prime rate being charged by commercial banks.

The CFC–REA concurrent loans are for longer periods, usually 35 years, with the interest rate on CFC's portion of the loan based primarily upon the basis of CFC's operating and reserve needs.

Both REA and CFC will participate in these loans in accordance with specifications set forth in the CFC–REA common mortgage. CFC loans will be conditioned upon REA approval and agreement to accommodate the REA lien on all the borrower's property so as to give the CFC lien equal security status pro rata with the REA liens.

At the present time, concurrent loans are being made on a 90–10 basis, with REA making 90 percent of the loan and CFC the remaining 10 percent.

Due to demographic, managerial, and economic conditions within the areas they serve, some systems are unable to pay more for the money they borrow. Some are simply too small to be efficient. These systems will continue to require REA financing until they reach sufficient strength through consolidation or otherwise to pay a higher rate for the money they borrow. The concurrent REA–CFC loan program provides a blend on interest costs that is commensurate with the systems' ability to pay.

REA supports the objectives of CFC and has cooperated to the fullest extent in assisting the young credit institution in meeting the many challenges it has faced on its way to its present status of being an operating entity.

Projections indicate that the rural electric systems may require as much new capital within the next 15 years as has been invested in the program in its 35-year history. Congress cannot realistically be expected to appropriate all the funds required to meet these growth demands. Therefore, the role of CFC is highly important as it seeks to fill the gap that exists between what Congress is willing to appropriate for REA loans and actual needs of the program.

Mr. HILLIS. Mr. Speaker, it is an honor for me to have the opportunity to participate in this special order. Indiana's rural areas owe much of its growth to the Indiana Statewide Rural Electric Cooperative, Inc.

Mr. Speaker, I want to enclose an article written by Mr. Edward L. Hasnerl, general manager of Indiana Statewide. I strongly concur with Mr. Hasnerl's accurate history of the growth of rural Indiana.

THE STRENGTH OF RURAL INDIANA

(By Edward L. Hasnerl)

During 1970 Indiana's farmers received a record $1.5-billion in cash receipts from the sale of their products. Income from the sale of livestock and livestock products totaled $811.9-million; the sale of crops accounted for receipts of $698.4-million.

These figures, compiled by state and federal statisticians at Purdue University, do not include any government farm program payments.

Although the number of Hoosiers earning their livings by working on Indiana's 98,000 farms total less than three percent of the state's work force, their productivity makes

agriculture one of the state's largest industries.

Naturally, Indiana ranked tenth on the basis of total cash receipts in 1970.

Although small in numbers, we must recognize Indiana's farmers as very important to the economic well-being of the state.

We must recognize, too, that Indiana's farmers and their counterparts across our nation set our tables with an unequalled variety and quality of food. The farmers in Indiana and the nation, through a miracle of efficiency, makes it possible for us to eat better than ever at a smaller proportion of take-home pay than at any time in history anywhere.

It is not by mere coincidence that the progress of our nation as the world's economic leader closely parallels the success of America's farmers as efficient producers of food and fiber.

The strength of Indiana and the nation, in very large measure, is the result of the increasing efficiency and productivity of her first citizens, the farmers.

For these reasons, we are heartened by the Administration's recently expressed concern for the continued development of rural America. In March President Nixon's proposal for a rural revenue sharing plan was submitted to Congress. This plan proposes a total of $1.1-billion for the 50 states (22-million earmarked for Indiana) to brighten the economic life in the nation's rural areas and in small rural communities. In early May President Nixon signed the Rural Telephone Bank bill in ceremonies preceding his "Salute to Agriculture." Even more recently, the Administration released a total of $17-million of previously appropriated Rural Electrification Administration loan funds—funds which are now being made available to the nation's rural electric cooperatives.

Looking back, it is worthy of note that the greatest acceleration of farm efficiency occurred with the advent of rural electrification. This is not to say electric power on the farm accounts for the total of American agriculture's miraculous achievements. There are many factors in the resulting equation: the work of our great agricultural universities, the introduction of mechanization to the farm, the development of better agricultural chemicals through the application of science and technology, the increased extension of credit to farmers, and the strengthening of rural institutions. All have made important contributions to the development of rural Indiana and rural America.

The coming of age of the American farmer, however, is closely related to the creation and growth of rural electrification in the United States as national policy.

In Indiana, Purdue University and the commercial power companies played a significant and pioneering role in introducing electric power to Hoosier farms. By 1935, more than 12 percent of Indiana's farms, when then numbered many thousands more than today, were supplied with central station electricity.

By the middle 1930's, however, with America in the midst of an almost paralyzing depression, it became increasingly evident that the commercial power companies could not be expected to invest unlimited stockholders' funds into the admittedly risky and expensive task of providing rural America with electric service.

In 1935, the task of lighting rural Indiana and rural America was largely assumed by the organization of locally owned and operated rural electric cooperatives financed with loans from the federal government's Rural Electrification Administration. The first such rural electric cooperative was the Boone County Rural Electric Membership Corporation (REMC), headquartered at Lebanon, Indiana.

Today there are 42 rural electric cooperatives in Indiana serving more than 200,000 Hoosier families and businesses and other institutions located in rural Indiana. Within a space of less than 35 years, rural electrification has made it possible for almost every single Hoosier, no matter how remote his home or farm may be, to receive electricity, an essential service in today's America.

Although Indiana's rural electric systems serve only 5.4 consumers per mile of electric line (compared to the more than 48 customers per mile of line served by the state's commercial power companies), the combination of non-profit operation and low-cost capital made available through REA has made it possible for rural consumers to stay apace with their city cousins. They have not been forced to pay a large premium for electric power, a commodity so important to the American way-of-life and standard of living.

Historically, the nation's rural electric cooperatives and Indiana's REMCs were not expected to generate their requirements for capital within their rate structures. This was in keeping with the recognition that the amounts of capital needed to provide utility service is not available in the collective pockets of America's farmers. The capital made available through REA was expected to be repaid, however, and has been. The repayment record of the rural electrics is almost 100 percent.

The capital required of today's farmers remains at a fantastically high level. The investment the average farmer has in his farm and tools is higher per worker than the rest of industry.

In Indiana, for example, the total value of farm land and buildings, according to Purdue University economists, was $6.8 billion on March 1, 1970. The cost of farm machinery and equipment used on these farms represents an almost equally large investment of capital.

Even though Indiana's farmers had total cash receipts of $1.5 billion in 1970—a record high, realized net income per farm dropped six percent from the 1969 average. According to preliminary estimates for 1970, the average net income was only $5,680 per farm. Considering the average Hoosier farmer has about $40,000 invested in land and buildings and almost as much or more in machinery and equipment, his return per dollar invested and per hour of labor is minimal.

The farm crisis may be described as a farmer squeezed between soaring operating costs and a marginal return on his investment and for his efforts.

On top of this rural crisis is the one facing rural America's rural electric systems. They are being squeezed between the growing demand for more and more electricity which means enlarged and improved utility plants and the scarcity of capital funds.

In recent years, the rural electric cooperatives' banker, the Rural Electrification Administration, has not been appropriated enough money to meet all the demands of its borrowers. Increasingly, the rural electric systems have been forced to dip into their reserve funds to meet their capital requirements.

The level of reserve funds have now reached a dangerously low level unless the rural electric systems can be assured REA will be provided with adequate funds for next fiscal year.

A survey of the capital needs of Indiana's rural electric cooperatives, conducted by the National Rural Electric Cooperative Association, reveals that Indiana's rural electrics will have submitted loan requests to REA totaling $4.7-million by June 30 this year. Additional requests totaling $7.17-million will be submitted during the next fiscal year. The two figures total $11.87-million.

Considering the reserve level now being maintained by most of Indiana's rural electric systems, REA appropriations which do not meet Indiana's needs as well as the capital needs of the other states, could seriously impair their ability to provide their consumers with reliable service at a competitive cost. This would be a blow to rural development in Indiana and the nation.

The strength of rural Indiana should be enhanced rather than hindered. The strength of America depends a great deal upon the strength of rural America.

Mr. HAMMERSCHMIDT. Mr. Speaker, rural electrification has done much to enhance the quality of life in our rural areas by providing electric services for modern conveniences.

I am deeply concerned with the continuing financial dilemma in which rural electric cooperatives in Arkansas find themselves. Over the past several years insufficient funds have been provided to meet loan requirements and excess funds and reserves are depleted to a dangerous level. The loan application backlog in Arkansas stood at $35,701,000 as of December 31, 1970, with a total of $63,182,912 needed to meet this backlog and new applications through fiscal 1972.

The example of North Arkansas electric cooperative at Salem is illustrative. In January 1969, they applied for a loan of $1,745,000. This was cut in half initially but they were forced to continue with the construction program and as it turned out, their requirements for new homes exceeded even the amount of the original application. Later, the remaining half was loaned. Then in December 1970 North Arkansas submitted an application for $2,583,658. In February, this was reduced by REA to a loan of $1,000,000 and yet the construction program represented by the original application still must be carried out. The result has been that since 1968, this cooperative has had a serious accounts payable problem. They have run as much as 6 months behind in payments to one supplier in the amount of $320,000. They normally run 3 months behind in paying their wholesale power bills which, at the end of the 3 months' period, have accumulated in the neighborhood of $300,000.

Other cooperatives have had the same experience as North Arkansas Electric Cooperative. This is particularly true in the fast growing cooperatives which have been called upon to connect large numbers of all-electric homes, such as the Carroll Electric Cooperative with its obligation to serve the Bella Vista and McCullough corporation developments.

We must provide more funds or find other resources to help the co-ops. It is an investment in our future progress—and an investment which is returned to the Government with interest.

Mr. JONES of North Carolina. Mr. Speaker, I am happy to join with others in calling to the attention of this House the accomplishments of our REA program through the years, as well as to emphasize their present problems as a result of the lack of adequate funding to continue their purpose of providing necessary electrical power to thousands of rural families who, without REA, would, in all probability, still be deprived of this necessity of life.

I am extremely pleased that the executive branch of our Government finally decided a few days ago to release funds which previously had been withheld, but,

in view of the demands, this sum of $15 million barely touches the surface of the proven needs. In the area of generation, it is especially important that we consider the projected shortage of power which, in all probability, will occur during these summer months, just as it did last year.

It is my hope that the congressional committees involved will have the foresight to approve the necessary funds to permit our electric cooperatives to fulfill their dedicated mission of providing service to all of our rural and, in many cases, low-income citizens, at the lowest cost possible.

Mr. O'KONSKI. Mr. Speaker, I am most pleased to join my distinguished colleagues in this discussion of the rural electrification program and its role in the development of rural America, past, present, and future.

I can remember as a farm boy, born and raised on a farm near Kewaunee, Wis., the days when there were no electric lights, no electric power for farm chores, and no telephones to lighten the burden of the farm family's long days. This was a time when the private companies would not extend these modern-day conveniences, because it was not considered economically feasible to extend service into rural areas. Unbelievable progress has been made since those days.

When I came to Congress 29 years ago, I kept these memories. Every time I am called upon to cast my vote on an REA proposal, recall my own personal experience on the family farm and similar experiences of the rural people of Wisconsin's 10th Congressional District, whom I am privileged to represent in the Congress. If it were not for the 14 rural electric cooperatives which serve in my District, I know that many of the rural people living there would still be without modern electric service for a number of these co-ops serve less than the national rural electric average of 3.8 consumers per mile of line.

I know of no other program which has meant more for rural people and for the Nation as a whole than rural electrification. This view is shared by many others in Congress.

And yet, with all the accomplishments by REA and by the locally owned rural electric systems, more can be done—more has to be done. Already, REA and its borrowers are furnishing leadership in the fuller development of rural America's resources. In many parts of the country, officers and directors and managers of rural electric cooperatives are helping to create better opportunities for jobs, more attractive living conditions, and greater contribution to the Nation's economy.

They are doing this by encouraging the creation of both small and large industry and business enterprises in the rural communities they serve. They give advice on planning, drawn from their own experience and familiarity with local resources. They help locate financing. They use the leverage of their own membership organizations to secure water and sewage disposal systems, better schools and health facilities, recreation attractions and provide electric service—an essential ingredient for any rural area development.

America's countryside has much to offer: Fresh air to breathe, clear water to drink, space for stretching and relaxing. Some of the people who are crowded into the cities—70 percent of our population existing on 1 percent of the space in these United States—will prefer rural living if they can have modern conveniences, adequate housing, and jobs.

Providing adequate REA loan funds for our rural electric cooperatives is, therefore, essential not only to maintain adequate electric service in rural America, it is essential for the development of rural America. Urban America has a stake in this, too, for unless the outmigration from rural areas is halted and reversed, the problems of our already overcrowded cities will continue to multiply.

For these reasons, I strongly support a substantial increase in the REA electric loan program for fiscal 1972, and I urge my colleagues to join me in this endeavor. The need is great—the cause is a worthy one. We cannot afford to be pennywise, dollar foolish by keeping the rural electric cooperatives on a starvation diet. For if they are permitted to wither away for a lack of adequate capital, so too will wither our chances for developing rural America.

Mr. PRICE of Texas. Mr. Speaker, I would like to call to the attention of my colleagues what I consider to be a very important new development in rural electrification.

From the start of the REA program, back in 1935, up until quite recently, REA was the only source of capital for rural electric cooperatives. But now, a new and supplemental source of capital has been added to the program.

I refer to the National Rural Utilities Cooperative Finance Corporation, more commonly known as CFC.

In February, two rural electric loans were approved that were the first in which REA funds were supplemented by CFC funds in order to make up the total amount of the loans. Those loans, in other words, were financed in the proportion of 90 percent of REA money, and 10 percent CFC money.

Things are moving along well now for this new supplemental financing institution, and I have learned that a number of additional REA loans were supplemented by CFC loans during the month of May. There will doubtless be more to come.

Now I would like to underscore the importance of CFC, to place it in the proper perspective for my colleagues, and particularly those from urban and suburban areas who may perhaps be somewhat less aware of the importance of rural electrification in making sure that this great country has, not only sufficient food and fiber from its farmers, but even more than it needs, so that much of our farm production can be exported to other countries around the world that are not as blessed as we are.

For 35 years, the rural electrics depended almost completely upon REA, that is, upon the Federal Government, for their loan funds. In one or two instances co-ops were able to go out and get financing on their own, but in 99 99/100 percent of the cases, the cooperatives had to borrow from their Government. These cooperatives do not serve many consumers per mile of line, and it is only natural that most bankers would not be much interested in lending money unless it brings in a substantial return.

But thanks to those 35 years of Federal financing, a number of rural electric cooperatives have reached a fairly sound position financially. They have achieved a sufficient degree of financial stability so that they can absorb a higher rate of interest on part of their loans and still adequately serve their rural consumers with dependable and reasonably-priced electricity.

And recognizing that they could do so, the rural electric cooperatives got together and agreed to establish and provide seed capital, for their own self-help financing institution, CFC. I am pleased to report that the rural electrics in my home State of Texas are strongly supporting CFC. I understand that 84 Texas rural electrics are already full-fledged members of CFC and that three others have applied for membership.

So, as you can see, where once rural electric cooperatives depended solely on the Federal Government, they have established for themselves an institution that can take part of the financing burden from the Government.

I do not say that REA loan funds are not needed. No, the situation is far from that. REA funds in sufficient measure are still vitally needed. But insofar as they are able to do so, rural electric cooperatives are now investing money in CFC so that they will have an additional source of capital.

Ultimately, CFC will go out on the open market and sell securities that will raise additional money, not from the Federal Government, but from the same private investors who invest their money in what are commonly known as the investor-owned utilities. Incidentally, investor-owned utilities are doing an excellent job of providing service to urban and suburban areas of the Nation.

It is clear, then, that the rural electrics—with the help of the Federal Government—are slowly advancing to a position of less dependence on REA. In view of the huge amounts of money necessary to install, improve, and upgrade electric facilities, this has taken a long time. But, in my judgment, it is certainly a step in the right direction.

Mr. BLATNIK. Mr. Speaker, I would like to add a few remarks to those already given today on the floor concerning the present energy crisis and the fine role which the rural electric coops are playing in alleviating this situation.

A hundred years ago seemingly endless cords of wood supplied over 70 percent of the U.S. energy needs, but by 1900 coal had become the energy king. At mid-20th century, petroleum took over first place, and in a few more years natural gas took over second place with coal taking third. If this competition spurred on by technology and our growing energy

needs continues, then we may see uranium replace coal during the 1980's as the third place supplier of energy.

The power structure in our Nation, both in politics and utilities, may be in for something of a shock if the power needs of our Nation are not met. Politicians and power companies may find out that all the insulation in the world will not shield them from the effects of brownouts or blackouts that will occur in an energy short America.

Japan has already become an importer of power in the form of liquefied natural gas transported in Swedish-built cryogenic tankers. These supercold tankers are capable of carrying 440,000 barrels of gas which is the equivalent of more than a billion cubic feet of natural gas. Nor is the United States immune from this.

Two years ago the United States Bureau of Natural Gas indicated that more and more evidence was pointing to the inescapable conclusion that natural gas levels were diminishing to critical levels in relation to need.

But as some men create these problems, other men can provide solutions. For example, if our coal-fired generating plants were as efficient as they were in 1900, a million kilowatt plant would require almost 70,000 tons of coal instead of the presently consumed 9,000 tons. We have by no means exhausted all of our power sources. Hydroelectric power which presently provides 4 percent of our energy needs has only been developed to 25 percent of its capacity. Geothermal heat has only begun its power career, and there are great possibilities in solar energy. I have read that the French have performed an experiment in harnessing the tides which may open vast possibilities. And, if all the pollution problems surrounding nuclear energy can be solved, we would have even another source of energy.

But all the above technological innovations will involve a large capital investment. Electric power is both a condition and a cause of economic growth. One reason why there are rural pockets of poverty and joblessness is that not enough electric power is available to these areas to attract industry or to provide for modern family living. As an average, power loads on rural electric lines double every 8 years. And yet, since 1965, the REA electric loan program has been held to a level of $350 million or less. In view of this, it should hardly come as a surprise that REA has a backlog of loan applications totaling almost $300 million.

The Rural Electrification Administration and the rural electric co-ops have done a fine job with the means at their disposal. At the time of my election to Congress in 1946, the Eighth District had a little more than 8,800 consumers and 2,500 miles of line. Today, in my district, I am proud to say, there are over 57,000 consumers and 13,500 miles of line. There are no delinquent payments, and nobody has ever defaulted on a loan.

Rural electric co-ops are not just users, they are producers. Some 40 percent of the wholesale electric energy serving the REA program is being furnished by generating facilities owned by the rural cooperatives themselves. The rural co-ops are a vital link providing all Americans with electricity, and if they and rural America are to be kept alive they will have to expand their facilities. One method which has been suggested is the funding of generating facilities by using tax-exempt municipal bonds. There are other methods which also should not be overlooked.

If rural America is supplied with abundant power needs, then she can play a great role in helping to lessen the problems that go along with the overcrowding of our Nation's cities and the resulting degradation of the quality of life in the major population centers. There is room to grow in the country and Congress owes it to the American people to provide the conditions for that growth.

GENERAL LEAVE

Mr. MELCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks and include extraneous matter on the subject of Congressman PICKLE's special order and at the end of my special order on REA.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

THE CASE FOR A RESPONSIBLE RURAL ELECTRIFICATION PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 60 minutes.

Mr. MICHEL. Mr. Speaker, I am pleased to rise in support of REA's electrification program, just as I have supported its objectives all during my service in Congress. This program has helped bring the convenience and comfort of electric power to virtually every farm in the United States, and has helped revolutionize American agriculture.

In addition, REA has been a bipartisan program; one that has had the support of every President and every Congress since 1935. At the appropriations hearings this year, the present REA Administrator received high, bipartisan praise for the excellent manner in which he has been conducting the program. I am pleased to join today in congratulating REA and its borrowers upon their successes.

Against this background, I view with dismay and concern the current efforts being instigated by a small group within the REA movement to secure a totally irresponsible increase in the REA budget—a fantastic $804 million in loan authorizations for fiscal year 1972. These efforts are accompanied by a blatant attempt to misinform the Congress about the true needs of REA borrowers and how the actual needs are being met.

Moreover, these efforts come at a time when the cities are crying out desperately for Federal help in financing vital programs for poverty, hunger, rebuilding of ghetto areas, job training, medical care, drug rehabilitation, vocational education, and a host of other programs. Against these desperate needs, this attempt to grab off scarce Federal resources for REA is bound to create discontent, and contribute to rural-urban alienation at a time when we all must be pulling together. Surely, when confronted with this conflict in priorities, the group that is urging extremely high REA loans will find that they have cost the REA movement the sympathetic support of the cities.

Now that President Nixon has released the $15 million that was held in reserve, the amended budget will call for a 1972 loan authorization of $345 million. While this is a tight budget, this level of funding is sufficient to meet the reasonable needs of REA borrowers, and is consistent with REA budget requests for the past several years.

Despite the fact that this budget, with prudent administration, is ample to meet the need, some elements are calling for a loan authorization of more than double the budget; almost double, even, REA's record single-year appropriation. There is no doubt in anyone's mind that this group really does not expect to get the kind of money it so recklessly advocates. These are the people who believe REA borrowers should remain forever wholly dependent on the Government. Basically, they are opposed to independent financing for rural electric cooperatives because their influence over the program would diminish. They are the same people who make a profession out of convincing local cooperatives that their program is always in jeopardy and then take personal credit each year for the support Congress gives it. They are hoping now that by making wild proposals for fantastically high loan authorizations, they can get a whopping big compromise settlement out of this body—something like $500 or $600 million—which they will use to inflate their own importance. To try to justify their position, they have had to dream up some outrageous and fallacious arguments in an attempt to delude Congress on the actual needs of REA borrowers. Here are some of their more extreme and absurd statements—and the answers to them.

The statement is made that—

> The rural electric systems have plowed back their reserve funds into plant to the limit of prudence and beyond.

Therefore, they contend, more 2-percent money is needed. The fact is that REA electric borrowers' general funds actually increased over the past year. The total of general funds, cushion of credit, and unadvanced loan funds comes to about $1.6 billion in resources now available to the electric borrowers.

They refer to "dangerous" rate increases by wholesale power suppliers, and lament that—

> Thus far, proposed or granted increases during the past year amount to some $15.6 million a year of additional costs for rural America.

They claim this indicates a need for the Government to finance more genera-

tion construction. The fact is that the rates of rural cooperatives have increased with the general increase in the cost of living, and that rate increases have been the pattern recently throughout the electric utility industry, public and private, for reasons which have nothing to do with the adequacy of the REA loan program, and which are certainly not peculiar to rural America. The reasons for rate increases are higher fuel costs, higher salaries, higher construction costs, and so forth—the point being that these have occurred in all segments of the electric industry, irrespective of ownership, and self-generation would be faced with the very same problems.

The ridiculous inference is made that REA's "cash management program" is responsible for the migration of young people from the country to the city. Under this program, the rural cooperatives are called upon to hold their reserves at 8 percent of plant—and in calculating this, REA excludes, appropriately, many cooperative investments such as U.S. Government securities which cannot be liquidated without a loss of capital, investments and commitments to invest in organizations such as Cooperative Finance Corp., data processing centers, and approved power supply organizations. There is not a single known case of an electric borrower being unable to give adequate service to its members or being unable to meet its cash operating requirements because of this program. Rather, it is aimed at insuring borrowers remain in sound financial condition. To infer that cash management, or any other feature of the REA program, is responsible for the migration or rural young people to the city is patently absurd. The fact is that the migration has taken place in spite of the electrification of the countryside. It could be argued that electrification of the farm may even be a factor in stimulating the migration, since it has greatly reduced rural manpower needs. I reject out of hand the inference that more and more electricity will make the farm more and more attractive to young people. The problem is, as it has always been, "How do you keep them down on the farm after they have seen Paree?"

The statement is made that "today a loan approval is a maybe," suggesting that the Government's word is no longer good. With this statement, the term "loan approval" has been deliberately intermingled with the phrase, "loan advance." Everyone knows a loan agreement is a formal contract between the Government and a borrower and, if it is not carried out, is subject to court action. REA has never restricted advances where the need for cash was clear. REA's current outlay plan indicates that about $413 million will be advanced to electric borrowers in fiscal year 1971, and the fact that this is the largest amount ever advanced in a single year has not deterred one bit the wild claims of these extremists.

Another fallacious charge is that delinquencies on REA loans are increasing, and that this situation is caused by inadequate loan funds. Nonsense. The program and the borrowers overall are in solid financial shape. REA data discloses, first, that there has been no significant increase in loan delinquencies, and second, that such delinquencies as exist are due primarily to weak operating conditions, with inability or failure to accumulate the reserves recommended by REA. As of March 31, this year, some 76 percent of the total amount of delinquencies was attributable to one G and T borrower and this arose from a disrupted construction schedule and delayed operations caused by court action. Out of the seven other small delinquencies, all save two have been corrected and even those two are now in the process of being reduced. In none of the eight were the level of loans or REA policy responsible for the delinquency. Rather, the reasons were such things as storm damage, litigation, and general operating conditions. In fact, it was REA that bailed them out.

Another statement is that the current $345 million loan level has reduced many rural electric systems to a "hand-to-mouth operation". This statement is simply not justified by the large amount of financial resources available to REA borrowers. As I pointed out earlier, loan advances this year are at an all-time high. Furthermore, there is another source of loans available to borrowers—namely, the Cooperative Finance Corp. The CFC is a self-help supplemental financing institution established by the rural cooperatives themselves to supplement REA financing and eventually to establish the rural cooperatives on a completely independent and self-sustaining basis. Some 772 rural electric systems have joined CFC and have already subscribed $117 million in capital. This is an eminently laudable step which should be warmly applauded. I should like to point out, however, that those who are seeking an unrealistically high level of REA 2 percent loans are, in effect, undercutting CFC. An independent institution would have difficulty finding borrowers at 7½ percent interest, even if they could afford to pay it, if the temptation of unlimited 2 percent Government loans was available. If this borrowers institution is to succeed, a balance must be maintained between what it can do with loans at market rates and what REA should do with Government loans at 2 percent.

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

Mr. MICHEL. I am happy to yield to the gentleman from Texas.

Mr. PICKLE. I thank the gentleman for yielding.

The figure I have of the amount actually put into the CFC is $49 million. The gentleman makes reference to $117 million. I believe this ought to be established at this point. Whatever the amount is, it is a beginning.

Mr. MICHEL. Right, and the amount of $117 million is that which has been subscribed.

Mr. PICKLE. We hope it will grow. I believe the gentleman leaves the impression that those cooperatives which have formed the CFC would by that means also want to always keep the 2-percent money at a very high unlimited level.

The cooperatives themselves have joined hands to create this organization. By its creation they admit that they are agreeable to a higher rate of interest. First it must be approved by writing them that it can be granted to the cooperatives. They are not trying to keep the 2 percent forever. There is a willingness to have change, but we must grow before we can make changes.

Mr. MICHEL. That is true, and I want to do everything we possibly can to encourage that.

Mr. PICKLE. I will ask the gentleman, for the benefit of all of us, because we want to know what are the needs of the cooperatives. The figures that I have been given shows that there will be in fiscal year 1972 some $530 million in loans made or asked for by the REA's. That demonstrates a concrete need. When you say we want to ask for these absurd, wild figures that are more than twice as much as what we need, I say it is not half of what they need. There is a difference of between 530 and 350. The gentleman well knows that.

Mr. MICHEL. I have been sitting on this committee for 15 years. The amount of the requests is always double or triple what we eventually appropriate. Whether we are sitting on the Subcommittee on Health, Education, and Welfare, and getting requests for grants for all kinds of health research or whatever it is, the requests are never hard to come by. Everyone is looking for more money. This does not impress me at all that we have this number of applications. If we were to be guided solely by the total number of applications received, we would have long since gone bankrupt in this country.

Mr. PICKLE. The gentleman reminds me of the story of the fellow complaining about having the most expensive wife in the world.

He said, "Every day she comes to me and says she wants $20, the next day $25, the next day $30 for this and for that. The next day she comes to me and says she wants $50 for this or that." So we asked the fellow, "Well, what do you give her?" The fellow said, "Well, I do not give her anything."

You people on the Appropriations Committee sit there, and there are lots of requests made, but you seldom give them what they ask for. We must be practical about this and appropriate the money that will meet the needs. That is all that should be asked for and that is all that we should grant. That is what we want to do whether we are on either side of the aisle. Determining that figure is something that I hope we will always exercise our best judgment. I think we can do it. The need is much greater, I believe, than what we are allowing for it. The big problem is the tightness of money, which goes back to a period many years ago. We have literally sat on the same level for 7 years. No business can stay in business unless they are able to meet their obligations.

Mr. MICHEL. The gentleman remembers that back 2 or 3 years ago the program was getting somewhat out of hand. Instead of adhering to the original purpose of the act, namely, to provide electricity to the farms and to build lines of distribution, loan funds were being used for transmission and generation purposes. That is where the REA's got into trouble. So much so, that in Indiana there was $60 million or $70 million that

was appropriated and it eventually became a $100 million white elephant. It was locked up under court order and only recently reopened after considerable negotiation on the part of the Administrator. I was practically alone in warning that this kind of thing could happen. That is why some of us feel as though at times we have to be the devil's advocates and act in an adversary position to get our point across. I remember times when no one would raise a voice on our subcommittee, and this was at the very time when the REA's were borrowing money at 2 percent and reinvesting it in Government securities at a rate of 4 or 5 percent. One of the questions I raised then was this misuse of loan funds. Well, they eventually cleaned this thing up and prescribed an arbitrary percentage of what is a reasonable reserve.

Mr. PICKLE. I recognize that the G. & T. operations are the expensive items. One loan often to a G. & T. operation is many times over what you give to a distribution system, and one of those loans can take out all the money you appropriate.

Mr. MICHEL. Yes.

Mr. PICKLE. And, Mr. Speaker, if the gentleman will yield further, the administration must be careful about loans. I think we could get into a legitimate argument as to how much money we should provide for G. & T. loans. I feel, of course, that there should be a good operation, but it is still a situation where they have to compete against the utilities, not in my part of the country where we do not have this problem, because our private companies and cooperatives and distribution systems work together. Although there is competition, it is fair competition. G. & T. is a problem not in my part of the country, but I realize it is in the Midwest, and I realize it is serious.

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

Mr. MICHEL. I yield to the gentleman from South Dakota.

Mr. DENHOLM. Mr. Speaker, I would like to make this comment in support of the board of directors, because the management throughout the country has very little control over many of the items about which the gentleman is talking. I sympathize with the gentleman sitting on that committee and being bombarded from every side all the time with requests of various types. But I would say that this is one of the sounder programs in which we should invest. It is not a grant, it is not a giveaway. It is a loan, and the record indicates that insofar as loan experience is concerned, it compares favorably and well with any agency, bureau, or department of this Government, in any loan program. We have gotten our interest back, and payments in advance in most instances. It is a pretty sound investment.

My question is, How much of a loan you want to make as compared to how much you will get back? I think this should be taken into consideration. These loans are increasing because, of course, we have had the competition from the local companies as well as the problem of inflation. For instance, in 1964, a particular type of conductor cost $1,060, while in 1970, the same facility cost $2,200. That is something over which the board has no control.

Mr. Speaker, it seems to me, we have to recognize when we plead our case for these people that a three-phase line No. 4 cost $3,210 in 1964 as compared to $3,300 in 1970 and they are still going up.

This is some of the reasons why they have to come back and ask for more.

Mr. MICHEL. I think the REA cooperatives have a very sympathetic forum in our subcommittee. We recognize that there are these increased costs.

Mr. DENHOLM. Mr. Speaker, if the gentleman will yield further, I would like to reiterate again this matter of obsolescence which is another factor that no one has seemed to take into consideration or taken a hard look at. One must remember that most of this equipment is getting old, some of it 25 years old or older. The lines are outdated and the trucks are obsolescent. This is what is involved and hopefully the Congress will take it into consideration.

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

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

Mr. NELSEN. In generation and transmission, out of the total of $360 million, $104 million was for generation and transmission out of the total of $360 million. So, it has not been overlooked. But it is an expensive item. Power installations have always been expensive and also precarious at times unless carefully conducted.

Mr. MICHEL. I think a good deal of credit should go to Mr. Hamil for turning the percentages around. A few years ago those figures were practically reversed and that had an effect on this rather static level of $350 million over a period of several years for REA.

Mr. Speaker, if I might proceed further, a further allegation is that the REA's substitution of a 1-year construction program for a 2-year program has proved costly and inefficient. The record shows no such thing. In fact, the main effects of the 1-year program has been to enable REA to meet the urgent needs of more distribution borrowers, and to cause managements to review and appraise operations more frequently with the net result that any small cost has been more than offset by benefits, economies, and increases in loan security.

They also state that the reduction in the reserves of rural cooperatives has left them without funds to repair storm damage or to meet other emergencies. This suggestion that REA electric borrowers are generally without emergency funds is simply not factual. Electric borrowers have about $532 million in general funds, $320 million in cushion of credit, plus about $763 million in unadvanced loan funds. REA stands ready to make additional funds available in just 2 or 3 days to assist borrowers in repairing storm damage or to meet other emergencies. In August 1969, for example, REA made millions of dollars immediately available to assist rural electric systems in Mississippi which were damaged by hurricane Camille. The subject of storm damage was discussed in this year's hearings and not one case was uncovered in which a borrower had been handicapped in making repairs because of a lack of funds.

On another subject, it is alleged that REA borrowers are having difficulty getting money from previously approved loans in time to meet payment deadlines on bills, because REA is gearing advances on approved loans to the amount that is coming back to the Treasury through loan repayments. The fact is that the amount of REA cash advances to borrowers is not limited by the amount coming back to the Treasury through repayments. This fiscal year, REA will advance over $400 million to electric borrowers, but interest and principal repayments will come to about $228 million—a little more than half of the money going out.

It is alleged that there is an "embargo" on power supply loans. The fact is that there is no ban on power supply loans. This charge completely overlooks the fact that the REA administrator wisely has been finding ways to make better use of the funds Congress makes available for the program. One such way is to use REA money as seed capital—security, in effect—to go to the money markets to raise additional needed funds. This at once reduces the need for Government funds and aids borrowers in becoming independent. In one instance, in Ohio, $17 million in REA capital is being used to seed a loan of $153 million in the private money market. A similar plan is being worked out in Missouri to finance a 600 megawatt plant. It is estimated that in fiscal year 1971, using the seed money approach, $72.8 million of REA funds will be instrumental in getting 1,425 megawatts of new generation—and that is a big program by any body's standards. The people who call this an embargo look at REA as if the program was still operating in the 1930's, when borrowers were totally dependent on Government. They refused to look at the future and the progress REA and the borrowers have made. Again, the extremists are striking out against another type of self-help effort by borrowers, in the same way and for the same reasons they strike out against CFC.

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

Mr. MICHEL. I am happy to yield to the gentleman from South Dakota.

Mr. DENHOLM. Mr. Speaker, the gentleman made reference to the private money market. Does the gentleman know what the security rights of the Government are as a borrower to do that? Does the gentleman know? I do not know, and I am asking the question.

Mr. MICHEL. I am not altogether sure that I heard the gentleman's question.

Mr. DENHOLM. What happens to our security rights, the Government's security rights, if we go out and get debentures in the private money market?

Mr. MICHEL. Frankly, I am not familiar with the specifics of these contracts, but I would assume the mortgage rights would be on a pro rata basis.

Mr. DENHOLM. If they did not make it, then who would eventually own the cooperatives? The people, or the Government, or the private investors?

Mr. MICHEL. I will say again that I assume any loss would be on a pro rata basis, but I suspect there would also be

a long-term contract for sale of power involved.

Mr. DENHOLM. The point is the only way the cooperatives can recover on a 7.5-percent loan is to raise the rate. The farmers are getting only 70 percent of parity at the present prices. So I think it comes right back to the original intent that the Congress made to the people, and that they should complete their faith. It is right for us, and it is our duty to carry out our share of the burden of the contract, to fund it properly and to keep adequate funds in it so as to do the job we intended to do.

Mr. MICHEL. Yes, but there is nothing so sanctimonious about some of these rates either. I think as the gentleman from Texas (Mr. PICKLE) pointed out, we all know that seven out of every eight new customers of the REA frankly are not farmers but village and city dwellers.

I think, frankly, all of us living in nearby communities ought to pay relatively the same power rates whether we be farmers or city dwellers. The REA ought not to be a vehicle for discrimination other than the usual preference or break for volume of power used.

So, in conclusion, Mr. Speaker, the assertion that $804 million is needed for REA lending in fiscal year 1972 is, in a nutshell, based on specious reasoning. The needs of borrowers can and will be met out of the funding REA proposes for fiscal year 1972. There is a difference between "want" and "need," just as there is a difference—as there should be—between a loan application and a loan approval.

I have taken the time to make this statement today because I believe strongly that activities as heavy handed as those which have been undertaken in connection with the pending REA budget should be nailed cleanly, and the fallacies and irresponsible misstatements identified for what they are. Such activities are a challenge to the good sense of the Congress. For myself, I intend to meet that challenge by supporting the administration's budget request for REA. To do otherwise, to do as these extremists would have us do, in the long run would be detrimental to REA's borrowers, to rural America and to the country as a whole.

THE 360-DAY YEAR—ANOTHER EXAMPLE OF THE GREED OF SOME BANKERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, last Saturday, in a speech to the District of Columbia Bankers Association at White Sulphur Springs, W. Va., I announced that the Federal Reserve System has conducted a study of the use of a bobtailed, 360-day calendar to calculate interest on various loans made by commercial banks.

This survey—conducted at my request—reveals that 82 percent of the banks responding to the study used the 360-day calendar for some of their loans. Calculating 365 days of interest against a 360-day year has resulted in massive overcharges to consumers, homeowners, and businessmen throughout the Nation.

The use of the 360-day calendar raises the effective interest rate on the loan—a fact which the survey indicates is not revealed to the borrower in many cases. This raises questions as to whether the Truth in Lending Act is being violated in these transactions involving a 360-day year. In addition, there are many other statutes involving contracts, disclosure and usury which may have been violated by banks using this rule of 360.

Mr. Speaker, this is the kind of activity which destroys the image of commercial banks. I hope sincerely that the banks themselves will immediately discontinue the practice and it is incumbent upon the regulatory agencies—the Federal Reserve System, the Federal Deposit Insurance Corporation and the Comptroller of the Currency—to take definite steps to prohibit this manipulation. It is my understanding that consumers and businessmen who have been victimized by this practice are planning to move in the courts to recover damages in some areas.

The Banking and Currency Committee will watch these developments closely and we will move if new legislation is required to stop this practice and to provide remedies for the borrower.

Mr. Speaker, this practice could be described in many ways, but it comes down to just plain old-fashioned greed. It is the kind of thing that snaps the confidence of the American people in the banking system and in the regulators who are charged with the responsibility of providing some semblance of protection for the American public.

To carry out the survey, a questionnaire was circulated among a sample of banks around the country representing a cross-section of our banking system. The survey was designed to determine the extent to which the banking system uses a 360-day year in calculating interest charges on various types of loans, even though a year is made up of 365 days. Using the 360-day year over a conventional 365-day year in calculating interest costs the borrower one seventy-second in excess interest on a loan.

While it would be difficult to state precisely the amount of overcharge inflicted on the American public, including homeowners, individual consumers, and large and small businessmen, by use of the 360-day year in calculating interest rates on loans, it can only be described as massive.

If only one-half of the more than $300 billion of loans outstanding by all the commercial banks as of the end of 1970, had the 360-day method applied to them—a quite conservative figure—the overcharge to the bank borrowers of the country would now amount to approximately $145 million a year. Even if only 25 percent of the loans were calculated by this questionable method, the overcharge would be more than $75 million a year.

Perhaps a word should be said about the background of the use of the 360-day method. More than 200 years ago, when many lenders, including banks, did not have the assistance of mechanical and electronic calculating equipment, a practice developed among some lenders to calculate interest on smaller loans for odd periods of time of less than a month by the method of using the number of days of the loan in proportion to a uniform month of 30 days, instead of calculating the interest on a per annum basis of 365 days.

Assume, for example, a $730 loan for 15 days in January of any year evidenced by a promissory note providing that interest shall be payable at the rate of 5 percent per annum. The interest computed on the basis of the normal calendar year of 365 days would amount to $1.50, but the interest would be $1.52 when the 360-day year method of calculating interest is used. This resulted in the bank collecting a few pennies extra in interest and possibly saving some time of a bookkeeper in manual arithmetic.

Gradually this practice spread among some lenders to larger loans for longer periods of time, for obviously the larger the loan the longer the maturity of the loan, the greater was the additional amount of interest collected. This practice came to be known among banks as the 360-day year basis of calculating interest. The use of this 360-day year enable lenders to collect interest for an additional 5 days when the maturity of the loan is 1 year.

Assume, for example, a loan of $7,300 for 1 year with a promissory note evi- calendar year basis of computing interest should be computed at the rate of 5 percent per annum. The interest would be $365, or $1 a day using the normal calendar year basis of computing interest. But the interest would be $370.11, when the 360-day year basis of computing interest is used. This is $5.11 more than the calendar year basis, which is equivalent to collecting additional interest of slightly more than $1 a day for an additional 5 days. If the amount of the loan were $73,000, the additional interest per year collected would be $51.10, and if the amount of the assumed loan is $730,000, the additional interest collected per year would be $511.

Long after the original justification of convenience for the use of this 360-day year method of calculating interest ceased, as a result of the development of mechanical and electronic calculating equipment, some banks persisted in the use of this practice where the only possible reason could be the exaction of additional interest. In many instances banks did not disclose the practice to its borrowers or publicly advertise that they were using this method. Notwithstanding the cessation of the original rationalization for the use of this method, many banks, as the survey indicates, continue basis, but instead of calculating the interest shall be payable on a per annum basis, but instead of calculating the interest on a 365-day basis, do so by the use of the 360-day year method.

I was interested in determining the extent of this practice among banks, for obviously the calculation of interest by a method which produced additional interest without disclosure to the borrower goes directly to the matter of a bank's integrity and the extent to which Congress should repose trust and confidence in banks when considering legislation pertaining to banks.

Accordingly, I requested the Board of

Governors of the Federal Reserve System to circulate a questionnaire among a sample of banks around the country representing a cross section of our banking system. A total of 370 questionnaires were sent to 30 banks in each of the 12 Federal Reserve Districts and to the 10 largest banks in the country. The banks who received the questionnaire, other than the 10 largest banks, were divided into four categories by bank deposit size as follows:

First, banks with less than $25 million;

Second, banks with between $25 million and $100 million;

Third, banks with between $100 million and $200 million; and

Fourth, banks with $200 million and over.

Usable replies were received from 232 banks of the 370 banks, approximately a 63-percent response rate from this sample.

I would like to summarize some of the significant facts revealed by this survey:

First. One hundred ninety-one of the 232 responding banks, or approximately 82 percent, use the 360-day year in calculating interest on one kind of loan or another, while 41 banks, or 18 percent, do not use the practice. This would indicate that although this practice is not universal, it is widespread. This practice is all the more unfair and reprehensible in view of the fact that when banks borrow short term funds from the Federal Reserve System, through the rediscount facility or when banks pay interest to their depositors, they do so by calculating interest on the basis of the normal calendar year of 365 days. In other words, the banks who use this practice live in one kind of a year when collecting interest, but live in a different kind of a year when paying interest. This practice, I might add, has not been sanctioned or approved by the Comptroller of the Currency, Federal Reserve Board, or any other governmental agency.

Second. As many as 86 of the 191, or almost 45 percent of the responding banks who use this practice, do so without disclosure of any kind to their borrowers. This is a shocking example of a lack of integrity among institutions who are constantly seeking the trust and confidence of their customers and Congress by advertising their honesty and reliability.

Third. This practice is not standard or uniform in any way. It varies among banks with respect to the type of loans and maturities of loans subjected to the practice. It varies even in many instances within the same bank with respect to the type of loans and maturity of loans to which the practice is applied. And it varies significantly from one part of the country to another.

Examples of some of the variations among banks which use the practice are as follows:

With respect to secured personal loans, only 105 of the 191 responding banks who use the practice do so for loans of more than 1 year, which means that out of the 232 responding banks, 55 percent do not apply the practice for secured personal loans of more than 1 year.

With respect to construction loans, 62 of the 191 banks using the practice do not apply it for commercial construction loans, and 66 of the 191 banks using the practice do not apply it for residential construction loans. Thus, it is obvious that four of the responding banks who use the practice for commercial constructions do not apply the practice for residential construction loans.

With respect to commercial loans, 152 of the 191 banks, or 80 percent, apply the practice to loans of 1 year or less, and 122 of the 191 responding banks who use the practice, or 64 percent, use the practice for loans of more than 1 year.

It is obvious that many variations in the use of the practice even within the same bank exists, for the summary reveals that although 191 responding banks use the practice, in no instance does a single bank apply the practice for all of the type of loans and maturities itemized in the questionnaire. On the contrary, the application of the practice varies from a minimum of 105 instances for secured personal loans to a maximum usage of 152 instances for loans to commerce and industry where the maturity is more than 1 year. This is true not only generally but also for the category of responding banks with deposits of $200 million and over, for although 53 of such banks state they use the practice, the maximum usage is 49 instances for loans of 1 year or less to commerce and industry, while the minimum usage is 27 instances, for secured personal loans with a maturity of more than 1 year.

Fourth. It is significant to note that the category of smaller banks with deposits of less than $25 million contain a higher percentage of banks who do not use this unfair practice. Forty-one of the 232 responding banks do not use the practice at all. And 24 of these 41 banks, or 59 percent, are in the category of banks with deposits of $25 million or less. Thirty-six of these 41 banks who do not use the practice, or 88 percent, are banks with deposits of $100 million or less. This is to be compared with the practice of the largest banks in the country. Eight of the 10 largest banks with deposits of over $1 billion each responded, and 100 percent of these banks use the practice on one type of loan or another. Twenty-four of the 66 responding banks with deposits of less than $25 million, or 36 percent, do not use the practice, as compared with the use of the practice for some types of loans by 100 percent of the largest banks in the country reporting. Only four out of 57, or only 7 percent, of these banks with deposits of $200 million and over do not use the practice.

As a practical matter, the larger banks are in a much better position to do away with such a questionable practice than smaller banks because of the greater availability to them of sophisticated data processing and computer equipment. It is ironic, therefore, that the smaller banks in the country are taking advantage of the public far less in this matter than the larger banks.

Fifth. On the question of disclosure of this practice by banks, 23 of the 42 banks in the smallest category, namely, 55 percent, disclose the practice when they use it, while 19 do not. In the category of the 10 largest banks, 37 percent do not disclose the practice when they use it. Of the responding 53 banks in the category of deposits with $200 million and over who use the 360-day method for some types of loans, 36, or 68 percent, disclose the practice when they use it, while 17 do not. Overall, of the 191 banks that use the 360-day method, 86, or 45 percent, do not disclose the practice to their customers in any way.

The statistics found in the survey of banks to determine the basis on which interest rates are calculated raise a number of questions. Among them are: First, the need for regulation of or prohibition against the use of the 360-day year in calculating interest rates; second, the need for requiring disclosure of this method to all customers of banks; and third, whether there is any relationship between the increasing concentration in banking through various means and the use of questionable practices which cost the public many millions of dollars a year.

While the application of the 360-day method of calculating per annum interest rates and the failure to disclose to borrowers the use of this method are both likely to be violations of the law of several States—and this point has been and is now being litigated in at least four jurisdictions—such a widespread practice used throughout our banking system should be of concern to the Federal authorities.

Therefore, in order to pursue this question further, I am writing the Federal Reserve Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to ask for their views.

I include the letter from Vice Chairman J. L. Robertson of the Federal Reserve Board transmitting the survey, along with the survey results, in the RECORD at this point:

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, D.C., April 30, 1971.

HON. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am submitting with this letter final tabulations of responses the Board has received to your Committee's survey of interest calculations banks use on loans. This final submittal includes data which our staff supplied your office in March prior to the mailing of your follow-up letter.

Of the 370 questionnaires that you mailed to the sample of banks, 234 have been received by the Board, although two proved to be unusable. This is a 63 per cent response rate. About 82 per cent of the respondents (191) indicated that they calculate at least some loan interest rates on a 360-day basis. Ninety per cent of the banks doing so said they have followed this practice for more than ten years. The sample used for the survey included 30 banks in each Federal Reserve District, plus ten banks chosen without regard to District boundaries and having $1 million or more in deposits.

One technical comment is in order. The tabulation sheet for the group of ten largest banks shows results from eight responses. A ninth large bank did respond, but its questionnaire could not be positively identified. This bank's answers are grouped in the over $200 million category in District 7 (Chicago).

I appreciate very much the courtesy and cooperation your staff has shown during the survey period and I trust the results will prove helpful to you.

Sincerely,

J. L. ROBERTSON.

TABLE 1.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—TOTAL BANKS FROM ALL FEDERAL RESERVE DISTRICTS PLUS 8 OF 10 LARGEST BANKS IN THE COUNTRY

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	191	42	61	35	53
(b) No	41	24	12	1	4
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	132	26	40	25	41
2. 1 year or less	140	31	44	23	42
3. 1 to 5 years	105	21	36	21	27
(b) Personal loans—unsecured:					
1. Demand	129	25	39	24	41
2. 1 year or less	141	30	45	24	42
3. 1 to 5 years	107	22	36	21	28
(c) Construction loans:					
1. Commercial	129	23	39	27	39
2. Residential	125	25	38	25	37
(d) Mortgage loans:					
1. Commercial	132	30	42	24	36
2. Residential	128	30	41	23	34
(e) Loans to commerce or industry:					
1. Demand	143	24	43	29	47
2. 1 year or less	152	27	49	27	49
3. 1 to 5 years	122	23	40	24	35
4. More than 5 years	107	19	33	22	33
(f) Other	22	6	5	4	7
3. Is amount of loan a factor?					
(a) No	158	31	50	32	45
(b) Yes; $5,000 to $10,000	3	2	1	0	0
(c) Yes; $10,000 to $100,000	4	3	1	0	0
(d) Yes; over $100,000	1	0	0	0	1
4. How long has 360-day basis been applied?					
(a) 1 year or less	2	1	1	0	0
(b) 1 to 2 years	4	2	2	0	0
(c) 2 to 5 years	4	2	1	1	0
(d) 5 to 10 years	9	5	4	0	0
(e) More than 10 years	171	34	51	34	52
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	22	3	5	5	9
(b) Yes; in last 10 years	2	1	0	1	0
(c) No; not for over 10 years or never	162	40	51	29	41
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	10	2	3	2	3
2. 1 year or less	9	2	2	2	3
3. 1 to 5 years	7	2	2	2	1
(b) Personal loans—unsecured:					
1. Demand	11	3	3	2	3
2. 1 year or less	9	2	2	2	3
3. 1 to 5 years	7	2	2	2	1
(c) Construction loans:					
1. Commercial	5	1	2	0	2
2. Residential	5	1	3	0	1
(d) Mortgage loans:					
1. Commercial	5	1	3	0	1
2. Residential	2	1	1	0	0
(e) Loans to commerce or industry:					
1. Demand	6	3	2	0	1
2. 1 year or less	4	2	2	0	0
3. 1 to 5 years	5	2	2	1	0
(f) Other	5	0	1	2	2
6. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	56	14	14	8	20
(b) Yes; otherwise in writing	37	3	13	5	16
(c) Yes; orally	38	10	11	4	13
(d) No	86	19	27	19	21

TABLE 2.—*Summary of bank survey on calculating interest charges on loans—8 of 10 largest commercial banks in United States*

TOTAL BANKS RESPONDING

1. Any interest rates on 360-day basis?	
Yes	8
No	0
2. Loan types with 360-day interest calculation.	
1. Demand	6
2. 1 year or less	6
3. 1–5 years	2
Personal loans—unsecured:	
1. Demand	6
2. 1 year or less	6
3. 1–5 years	2
Construction loans:	
1. Commercial	7
2. Residential	6
Mortgage loans:	
1. Commercial	6
2. Residential	5
Loans to commerce or industry:	
1. Demand	8
2. 1 year or less	8
3. 1–5 years	5
4. More than 5 years	5
Other	2
3. Is amount of loan a factor?	
No	8
Yes, $5,000–10,000	0
Yes, $10,000–100,000	0
Yes, over $100,000	0
4. How long has 360-day basis been applied?	
1 year or less	0
1–2 years	0
2–5 years	0
5–10 years	0
More than 10 years	8
5. Changed to 365-day calculations?	
Yes, in last 5 years	3
Yes, in last 10 years	0
No, not for over 10 years or never	5
6. For which loan types have you changed?	
Personal loans—secured:	
1. Demand	1
2. 1 year or less	1
3. 1–5 years	0
Personal loans—unsecured:	
1. Demand	1
2. 1 year or less	1
3. 1–5 years	0
Construction loans:	
1. Commercial	1
2. Residential	0
Mortgage loans:	
1. Commercial	1
2. Residential	0
Loans to commerce or industry:	
1. Demand	0
2. 1 year or less	0
3. 1–5 years	0
Other	1
7. Disclose 360-day annual rate?	
Yes, in loan agreement	5
Yes, otherwise in writing	2
Yes, orally	3
No	3

TABLE 3.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 1

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	16	4	5	3	4
(b) No	4	3	0	0	1
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	12	4	3	3	2
2. 1 year or less	13	4	4	3	2
3. 1 to 5 years	13	4	5	3	1
(b) Personal loans—unsecured:					
1. Demand	12	4	3	3	2
2. 1 year or less	13	4	4	3	2
3. 1 to 5 years	13	4	5	3	1
(c) Construction loans:					
1. Commercial	8	1	2	3	2
2. Residential	8	1	2	3	2
(d) Mortgage loans:					
1. Commercial	11	2	4	3	2
2. Residential	11	2	4	2	3
(e) Loans to commerce or industry:					
1. Demand	12	2	3	3	4
2. 1 year or less	12	2	3	3	4
3. 1 to 5 years	10	2	3	3	2
4. More than 5 years	9	2	2	3	2
(f) Other	0	0	0	0	0
3. Is amount of loan a factor?					
(a) No	13	3	5	2	3
(b) Yes; $5,000 to $10,000	0	0	0	0	0
(c) Yes; $10,000 to $100,000	0	0	0	0	0
(d) Yes; over $100,000	0	0	0	0	0
4. How long has 360-day basis been applied?					
(a) 1 year or less	0	0	0	0	0
(b) 1 to 2 years	0	0	0	0	0
(c) 2 to 5 years	0	0	0	0	0
(d) 5 to 10 years	1	1	0	0	0
(e) More than 10 years	14	2	5	3	4
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	1	0	1	0	0
(b) Yes; in last 10 years	1	1	0	0	0
(c) No; not for over 10 years or never	14	3	4	3	4
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	1	1	0	0	9
2. 1 year or less	1	1	0	0	0
3. 1 to 5 years	1	1	0	0	0
(b) Personal loans—unsecured:					
1. Demand	1	1	0	0	0
2. 1 year or less	1	1	0	0	0
3. 1 to 5 years	1	1	0	0	0
(c) Construction loans:					
1. Commercial	0	0	0	0	0
2. Residential	0	0	0	0	0
(d) Mortage loans:					
1. Commercial	1	0	1	0	0
2. Residential	0	0	0	0	0
(e) Loans to commerce or industry:					
1. Demand	1	1	0	0	0
2. 1 year or less	2	1	1	0	0
3. 1 to 5 years	2	1	1	0	0
(f) Other	0	0	0	0	0
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	6	2	1	1	2
(b) Yes; otherwise in writing	1	0	0	1	0
(c) Yes; orally	2	0	0	1	1
(d) No	11	3	4	2	2

TABLE 4.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 2

	Total banks responding	Bank size by total deposits (millions of dollars)			
		Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	15	4	6	3	2
(b) No	3	2	1	0	0
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	12	3	4	3	2
2. 1 year or less	9	2	4	1	2
3. 1 to 5 years	9	2	4	1	2
(b) Personal loans—unsecured:					
1. Demand	10	3	3	2	2
2. 1 year or less	11	2	5	2	2
3. 1 to 5 years	10	2	5	1	2
(c) Construction loans:					
1. Commercial	10	2	4	2	2
2. Residential	8	2	4	1	1
(d) Mortgage loans:					
1. Commercial	9	2	5	0	2
2. Residential	9	2	5	0	2
(e) Loans to commerce or industry:					
1. Demand	12	3	5	2	2
2. 1 year or less	11	2	6	1	2
3. 1 to 5 years	11	2	6	1	2
4. More than 5 years	10	2	5	1	2
(f) Other	2	1	0	1	0
3. Is amount of loan a factor?					
(a) No	10	2	4	2	2
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $10,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	1	1	0	0	0
(c) 2 to 5 years	1	0	0	1	0
(d) 5 to 10 years	1	0	1	0	0
(e) More than 10 years	12	3	5	2	2
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	0	0	0	0	0
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	15	3	6	3	3
6. For which loan types have hou changed?					
(a) Personal loans—secured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans—unsecured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	0				
2. Residential	0				
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	7	1	3	2	1
(b) Yes; otherwise in writing	3	1	1	0	1
(c) Yes; orally	1	0	1	0	0
(d) No	7	2	3	1	1

TABLE 5.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 3

	Total banks responding	Bank size by total deposits (millions of dollars)			
		Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	22	5	9	3	5
(b) No	2	0	2	0	0
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	16	4	7	1	4
2. 1 year or less	13	2	7	1	3
3. 1 to 5 years	12	2	6	1	3
(b) Personal loans—unsecured:					
1. Demand	16	4	7	1	4
2. 1 year or less	13	2	7	1	3
3. 1 to 5 years	12	2	6	1	3
(c) Construction loans:					
1. Commercial	18	4	9	2	3
2. Residential	18	4	9	2	3
(d) Mortgage loans:					
1. Commercial	19	5	7	3	4
2. Residential	19	5	7	3	4
(e) Loans to commerce or industry:					
1. Demand	16	4	7	1	4
2. 1 year or less	15	3	8	1	3
3. 1 to 5 years	13	2	7	1	3
4. More than 5 years	13	2	7	1	3
(f) Other	2	1	0	1	0
3. Is amount of loan a factor?					
(a) No	19	3	9	3	4
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	1	1	0	0	0
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	0				
(c) 2 to 5 years	0				
(d) 5 to 10 years	0				
(e) More than 10 years	22	5	9	3	0
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	2	1	0	1	5
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years, or never	20	4	9	2	5
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans—unsecured:					
1. Demand	1	1	0	0	0
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	0				
2. Residential	0				
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	1	1	0	0	0
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	5	2	3	0	0
(b) Yes; otherwise in writing	7	1	4	1	1
(c) Yes; orally	6	2	3	0	1
(d) No	8	1	2	2	3

TABLE 6.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 4

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	14	2	3	4	5
(b) No	4	2	2	0	0
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	10	1	1	3	5
2. 1 year or less	14	2	3	4	5
3. 1 to 5 years	12	1	2	4	5
(b) Personal loans—unsecured:					
1. Demand	10	1	1	3	5
2. 1 year or less	14	2	3	4	5
3. 1 to 5 years	12	1	2	4	5
(c) Construction loans:					
1. Commercial	8	0	2	3	3
2. Residential	9	1	2	3	3
(d) Mortgage loans:					
1. Commercial	11	1	2	4	4
2. Residential	11	1	2	4	4
(e) Loans to commerce or industry:					
1. Demand	10	0	2	3	5
2. 1 year or less	12	0	3	4	5
3. 1 to 5 years	11	1	1	4	5
4. More than 5 years	10	0	1	4	5
(f) Other	0				
3. Is amount of loan a factor?					
(a) No	14	3	3	4	4
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	0				
(c) 2 to 5 years	0				
(d) 5 to 10 years	0				
(e) More than 10 years	16	4	3	4	5
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	2	0	0	0	2
(b) Yes; in last 10 years	1	0	0	1	0
(c) No; not for over 10 years or never	13	4	3	3	3
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	1	0	0	0	1
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans—unsecured:					
1. Demand	1	0	0	0	1
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	1	0	0	0	1
2. Residential	1	0	0	0	1
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	1	0	0	0	1
2. 1 year or less	0				
3. 1 to 5 years	1	0	0	1	0
(f) Other	2	0	0	1	1
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	6	1	0	2	3
(b) Yes; otherwise in writing	1	0	0	0	1
(c) Yes; orally	3	0	0	1	2
(d) No	8	2	3	2	1

TABLE 7.—SUMMARY OF BANKS SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 5

	Total Banks Responding	Bank Size by Total Depostis (millions of $): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	13	2	4	1	6
(b) No	8	5	3	0	0
2. Loan types with 360-day interest circulation:					
(a) Personal loans—secured:					
1. Demand	12	2	3	1	6
2. 1 year or less	11	1	3	1	6
3. 1 to 5 years	9	1	2	1	5
(b) Personal loans—unsecured:					
1. Demand	11	1	3	1	6
2. 1 year or less	11	1	3	1	6
3. 1 to 5 years	9	1	2	1	5
(c) Construction loans:					
1. Commercial	11	1	3	1	6
2. Residential	11	1	3	1	6
(d) Mortgage loans:					
1. Commercial	11	2	3	1	5
2. Residential	11	2	3	1	5
(e) Loans to commerce or Industry:					
1. Demand	11	1	3	1	6
2. 1 year or less	11	1	3	1	6
3. 1 to 5 years	9	1	2	1	5
4. More than 5 years	8	1	2	1	4
(f) Other	1	0	0	0	1
3. Is amount of loan a factor?					
(a) No	12	2	3	1	6
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	1	0	1	0	0
(b) 1 to 2 years	0				
(c) 2 to 5 years	0				
(d) 5 to 10 years	1	0	1	0	0
(e) More than 10 years	12	3	2	1	6
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	1	0	1	0	0
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	11	2	3	1	5
6. For which loan types have you changed?					
(a) Personal loans secured:					
1. Demand	1	0	1	0	0
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans unsecured:					
1. Demand	1	0	1	0	0
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	1	0	1	0	0
2. Residential	1	0	1	0	0
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	1	0	1	0	0
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360 day annual rate?					
(a) Yes; in loan agreement	5	3	1	0	1
(b) Yes; otherwise in writing	5	0	1	0	4
(c) Yes; orally	2	0	1	0	1
(d) No	3	0	1	1	1

TABLE 8.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 6

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	10	2	4	1	3
(b) No	3	3	0	0	0
2 Loan types with 360-day interest calcuation:					
(a) Personal loans—secured:					
1. Demand	6	0	3	1	2
2. 1 year or less	6	1	3	0	2
3. 1 to 5 years	4	1	2	0	1
(b) Personal loans—unsecured:					
1. Demand	6	0	3	1	2
2. 1 year or less	6	1	3	0	2
3. 1 to 5 years	4	1	2	0	1
(c) Construction loans:					
1. Commercial	6	1	2	1	2
2. Residential	5	1	1	1	2
(d) Mortgage loans:					
1. Commercial	5	1	2	0	2
2. Residential	4	1	1	0	2
(e) Loans to commerce or industry:					
1 Demand	6	1	2	1	2
2. 1 year or less	8	1	4	0	3
3. 1 to 5 years	5	1	3	0	1
4. More than 5 years	5	1	3	0	1
(f) Other	0				
3. Is amount of loan a factor?					
(a) No	7	2	2	1	2
(b) Yes; $5,000 to $10,000	0				

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	1	0	0	0	1
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	1	1	0	0	0
(c) 2 to 5 years	0				
(d) 5 to 10 years	1	1	0	0	0
(e) More than 10 years	7	0	4	1	2
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	1	0	0	0	1
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	8	2	3	1	2
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans—unsecured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	0				
2. Residential	0				
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	2	1	0	0	1
(b) Yes; otherwise in writing	1	0	0	0	1
(c) Yes; orally	3	0	2	1	0
(d) No	4	1	2	0	1

TABLE 9.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 7

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	17	5	3	5	4
(b) No	4	2	1	0	1
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	9	2	1	3	3
2. 1 year or less	13	4	2	4	3
3. 1 to 5 years	7	3	0	3	1
(b) Personal loans—unsecured:					
1. Demand	9	2	1	3	3
2. 1 year or less	13	4	2	4	3
3. 1 to 5 years	7	3	0	3	1
(c) Construction loans:					
1. Commercial	7	2	0	3	2
2. Residential	7	2	0	3	2
(d) Mortgage loans:					
1. Commercial	12	5	1	5	1
2. Residential	12	5	1	5	1
(e) Loans to commerce or industry:					
1. Demand	10	2	1	4	3
2. 1 year or less	14	4	2	5	3
3. 1 to 5 years	8	3	0	4	1
4. More than 5 years	6	2	0	3	1
(f) Other	3	1	0	1	1
3. Is amount of loan a factor?					
(a) No	14	4	2	4	4
(b) Yes; $5,000 to $10,000	1	1	0	0	0
(c) Yes; $10,000 to $100,000	2	2	0	0	0
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	1	1	0	0	0
(b) 1 to 2 years	0				
(c) 2 to 5 years	0				
(d) 5 to 10 years	2	1	1	0	0
(e) More than 10 years	14	3	2	5	4
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	2	0	1	1	0
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	15	5	2	4	4
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	1	0	1	0	0
2. 1 year or less	1	0	1	0	0
3. 1 to 5 years	1	0	1	0	0
(b) Personal loans—unsecured:					
1. Demand	1	0	1	0	0
2. 1 year or less	1	0	1	0	0
3. 1 to 5 years	1	0	1	0	0
(c) Construction loans:					
1. Commercial	1	0	1	0	0
2. Residential	1	0	1	0	0
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	1	0	1	0	0
2. 1 year or less	1	0	1	0	0
3. 1 to 5 years	1	0	1	0	0
(f) Other	1	0	0	1	0
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	3	0	1	1	1
(b) Yes; otherwise in writing	0				
(c) Yes; orally	3	1	0	0	2
(d) No	11	4	2	4	1

TABLE 10.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 8

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	16	3	6	5	2
(b) No	4	2	1	1	0
2. Loan types with 360 day interest calculation:					
(a) Personal loans—secured:					
1. Demand	12	1	5	4	2
2. 1 year or less	13	3	4	4	2
3. 1 to 5 years	10	1	4	4	1
(b) Personal loans—unsecured:					
1. Demand	12	1	5	4	2
2. 1 year or less	12	2	4	4	2
3. 1 to 5 years	10	1	4	4	1
(c) Construction loans:					
1. Commercial	10	0	4	4	2
2. Residential	8	0	4	3	1
(d) Mortgage loans:					
1. Commercial	7	1	3	1	2
2. Residential	7	1	3	1	2
(e) Loans to commerce or industry:					
1. Demand	12	0	5	5	2
2. 1 year or less	12	1	4	5	2
3. 1 to 5 years	11	1	4	4	2
4. More than 5 years	10	1	4	4	1
(f) Other	1	0	1	0	0
3. Is amount of loan a factor?					
(a) No	13	2	4	5	2
(b) Yes; $5,000 to $10,000	1	1	0	0	0
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	0				
(c) 2 to 5 years	0				
(d) 5 to 10 years	0				
(e) More than 10 years	15	3	5	5	2
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	2	0	1	1	0
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	13	3	4	4	2
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	2	0	1	1	0
2. 1 year or less	2	0	1	1	0
3. 1 to 5 years	2	0	1	1	0
(b) Personal loans—unsecured:					
1. Demand	2	0	1	1	0
2. 1 year or less	2	0	1	1	0
3. 1 to 5 years	2	0	1	1	0

TABLE 10.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 8—Continued

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
6. For which loan types have you changed—Con.					
(c) Construction loans:					
1. Commercial	0				
2. Residential	1	0	1	0	0
(d) Mortage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	1	0	1	0	0
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	3	2	0	0	1
(b) Yes; otherwise in writing	2	0	0	1	1
(c) Yes; orally	2	1	1	0	0
(d) No	9	0	4	4	1

TABLE 11.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 9

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	15	3	5	2	5
(b) No	3	2	0	0	1
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	9	2	1	2	4
2. 1 year or less	10	3	2	1	4
3. 1 to 5 years	8	3	2	0	3
(b) Personal loans—unsecured:					
1. Demand	9	2	1	2	4
2. 1 year or less	10	3	2	1	4
3. 1 to 5 years	8	3	2	0	3
(c) Construction loans:					
1. Commercial	10	3	1	2	4
2. Residential	10	3	1	2	4
(d) Mortgage loans:					
1. Commercial	11	3	2	2	4
2. Residential	10	3	2	2	3
(e) Loans to commerce or industry:					
1. Demand	10	2	2	2	4
2. 1 year or less	12	3	3	1	5
3. 1 to 5 years	11	3	3	0	5
4. More than 5 years	9	2	2	0	5
(f) Other	5	1	3	1	0
3. Is amount of loan a factor?					
(a) No	13	3	4	2	4
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	0				
(c) 2 to 5 years	0				
(d) 5 to 10 years	0				
(e) More than 10 years	14	3	4	2	5
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	0				
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	12	3	4	2	3
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans—unsecured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	0				
2. Residential	0				
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	4	0	2	1	1
(b) Yes; otherwise in writing	4	1	0	0	3
(c) Yes; orally	2	1	1	0	0
(d) No	5	1	1	1	2

TABLE 12.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 10

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	15	5	3	3	4
(b) No	2	1	1	0	0
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	9	3	2	2	2
2. 1 year or less	12	5	2	2	3
3. 1 to 5 years	4	0	2	2	0
(b) Personal loans—unsecured:					
1. Demand	9	3	2	2	2
2. 1 year or less	12	5	2	2	3
3. 1 to 5 years	6	1	2	2	1
(c) Construction loans:					
1. Commercial	14	4	3	3	4
2. Residential	15	5	3	3	4
(d) Mortgage loans:					
1. Commercial	8	1	3	2	2
2. Residential	8	1	3	2	2
(e) Loans to commerce or industry:					
1. Demand	13	4	3	3	3
2. 1 year or less	15	5	3	3	4
3. 1 to 5 years	10	2	3	3	2
4. More than 5 years	9	1	3	3	2
(f) Other	1	0	0	0	1
3. Is amount of loan a factor?					
(a) No	7	2	1	3	1
(b) Yes; $5,000 to $10,000	1	0	1	0	0
(c) Yes; $10,000 to $100,000	1	0	1	0	0
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	0				
(c) 2 to 5 years	2	1	1	0	0
(d) 5 to 10 years	1	1	0	0	0
(e) More than 10 years	12	3	2	3	4
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	5	1	1	1	2
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	10	4	2	2	2
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	1	0	0	0	1
2. 1 year or less	2	0	0	0	2
3. 1 to 5 years	1	0	0	0	1
(b) Personal loans—unsecured:					
1. Demand	1	0	0	0	1
2. 1 year or less	2	0	0	0	2
3. 1 to 5 years	1	0	0	0	1
(c) Construction loans:					
1. Commercial	0				
2. Residential	0				
(d) Mortgage loans:					
1. Commercial	1	0	1	0	0
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	2	1	0	0	1
(b) Yes; otherwise in writing	5	0	1	2	2
(c) Yes; orally	2	2	0	0	0
(d) No	7	2	2	1	2

TABLE 13.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 11

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	12	2	6	1	3
(b) No	1	1	0	0	0
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	9	2	4	1	2
2. 1 year or less	9	2	4	0	3
3. 1 to 5 years	8	2	4	0	2
(b) Personal loans—unsecured:					
1. Demand	9	2	4	1	2
2. 1 year or less	9	2	4	0	3
3. 1 to 5 years	8	2	4	0	2
(c) Construction loans:					
1. Commercial	10	2	5	1	2
2. Residential	10	2	5	1	2
(d) Mortgage loans:					
1. Commerical	8	2	6	0	0
2. Residential	8	2	6	0	0
(e) Loans to commerce or industry:					
1. Demand	9	2	4	1	2
2. 1 year or less	8	2	4	0	2
3. 1 to 5 years	7	2	4	0	1
4. More than 5 years	5	2	2	0	1
(f) Other	3	1	1	0	1
3. Is amount of loan a factor?					
(a) No	12	2	6	1	3
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	1	0	1	0	0
(c) 2 to 5 years	0				
(d) 5 to 10 years	1	1	0	0	0
(e) More than 10 years	10	1	5	1	3
5. Changes to 365-day calculation?					
(a) Yes; in last 5 years	0				
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	12	2	6	1	3
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(b) Personal loans—unsecured:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(c) Construction loans:					
1. Commercial	0				
2. Residential	0				
(d) Mortgage loans:					
1. Commercial	0				
2. Residential	0				
(e) Loans to commerce or industry:					
1. Demand	0				
2. 1 year or less	0				
3. 1 to 5 years	0				
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	6	0	3	0	3
(b) Yes; otherwise in writing	2	0	2	0	0
(c) Yes; orally	4	1	0	1	2
(d) No	3	1	2	0	0

TABLE 14.—SUMMARY OF BANK SURVEY ON CALCULATING INTEREST CHARGES ON LOANS—BANKS RESPONDING FROM FEDERAL RESERVE DISTRICT 12

	Total banks responding	Bank size by total deposits (millions of dollars): Less than $25	$25 to $100	$100 to $200	$200 and over
1. Any interest rates on 360-day basis?					
(a) Yes	18	5	7	4	2
(b) No	3	1	1	0	1
2. Loan types with 360-day interest calculation:					
(a) Personal loans—secured:					
1. Demand	10	2	6	1	1
2. 1 year or less	11	2	6	2	1
3. 1 to 5 years	7	1	3	2	1
(b) Personl loans—unsecured:					1
1. Demand	10	2	6	1	1
2. 1 year or less	11	2	6	2	1
3. 1 to 5 years	6	1	2	2	1
(c) Construction loans:					
1. Commercial	10	3	4	2	1
2. Residential	10	3	4	2	1
(d) Mortgage loans:					
1. Commercial	14	5	4	3	2
2. Residential	13	5	4	3	1
(e) Loans to commerce or industry:					
1. Demand	14	3	6	3	2
2. 1 year or less	14	3	6	3	2
3. 1 to 5 years	11	3	4	3	1
4. More than 5 years	8	3	2	2	1
(f) Other	2	1	0	0	1
3. Is amount of loan a factor?					
(a) No	16	3	7	4	2
(b) Yes; $5,000 to $10,000	0				
(c) Yes; $10,000 to $100,000	0				
(d) Yes; over $100,000	0				
4. How long has 360-day basis been applied?					
(a) 1 year or less	0				
(b) 1 to 2 years	1	0	1	0	0
(c) 2 to 5 years	1	1	0	0	0
(d) 5 to 10 years	1	0	1	0	0
(e) More than 10 years	15	4	5	4	2
5. Changed to 365-day calculation?					
(a) Yes; in last 5 years	3	1	0	1	1
(b) Yes; in last 10 years	0				
(c) No; not for over 10 years or never	14	5	5	3	1
6. For which loan types have you changed?					
(a) Personal loans—secured:					
1. Demand	2	1	0	1	0
2. 1 year or less	2	1	0	1	0
3. 1 to 5 years	2	1	0	1	0
(b) Personal loans—secured:					
1. Demand	2	1	0	1	0
2. 1 year or less	2	1	0	1	0
3. 1 to 5 years	2	1	0	1	0
(c) Construction loans:					
1. Commercial	1	1	0	0	0
2. Residential	1	1	0	0	0
(d) Mortgage loans:					
1. Commercial	2	1	1	0	0
2. Residential	2	1	1	0	0
(e) Loans to commerce or industry:					
1. Demand	1	1	0	0	0
2. 1 year or less	1	1	0	0	0
3. 1 to 5 years	1	1	0	0	0
(f) Other	0				
7. Disclose 360-day annual rate?					
(a) Yes; in loan agreement	2	1	0	1	0
(b) Yes; otherwise in writing	4	0	4	0	0
(c) Yes; orally	5	2	2	0	1
(d) No	7	2	1	1	3

TAKE PRIDE IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 15 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.

To buy a good suit of clothes in the Soviet Union takes 183 hours of work. In France a comparable suit takes 75 hours; in Great Britain, 40 hours; and in the United States only 24 hours are needed for the same item.

RURAL ELECTRIFICATION IN MICHIGAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. VANDER JAGT) is recognized for 15 minutes.

Mr. VANDER JAGT. Mr. Speaker, the story of rural electrification in Michigan is one which has been paralleled, with some variation, in many other States throughout this land. During the period of recovery from the great depression, attention was redirected to social and economic problems which had their roots in the industrial revolution. Vast numbers of a theretofore primarily rural population migrated to the cities in search of the jobs and prosperity being created in the growing industrial centers.

National attention at that time was focused on the plight of those who remained in rural areas to eke out their living in a marginal economy without the conveniences, and even some of the

necessities, which city life offered. Many leaders of the Nation realized that electricity could no longer be considered a convenience for those fortunate enough to be living where it was readily available. Its use had to be extended, not only to power the wheels of industry, but to alleviate the hardships and improve the living conditions of as many Americans as possible.

However, this goal seemed impossible to achieve. Many experts in the industry, familiar with the technical and economic problems involved, sincerely believed that the use of central station electrical service would always be limited to areas where the neceessary long-term investments could be justified by tangible, immediate load density.

It was in this atmosphere that the rural electrification program was born. We may be thankful for the leadership of those who had the courage and the vision to challenge the doubters. They proved to the world that free people, working together with government within the framework of American democracy, could do a better job at a task which other countries felt could only be accomplished through socialization of an industry.

In 1934, nearly 80 percent of Michigan's farms were without electricity; today electrical service is available for domestic, commercial, and industrial use at virtually any point in the State.

The migration from the country to the cities—and more recently from the cities to the suburbs—still continues, but at a much slower rate than might have been the case had rural area development been prevented for lack of electrical service. The urban problems with which we are all concerned today might well have been far more critical were it not for the rural electric program.

Most indicative of the success of this program is the rate of load growth on the Michigan rural electric systems. Stimulated by the availability of electricity, loads and requests for service on these systems are growing at a much faster rate than those of the electric industry of the State as a whole.

Rural electrification is a valuable and necessary asset to both urban and rural citizens. Without it, outdoor recreation—one of the State's largest and fastest growing industries would be severely restricted. Development of out-State areas enables the city resident to escape the pressures of city life, and reduces immeasurably the burdens on city government. New markets are created for the products of the factories and new fields of enterprise for the businessman.

Some today feel that the Rural Electrification Administration has outlived its usefulness—that it should be discarded or neglected in favor of more pressing and popular programs designed to correct our urban and environmental problems. To do so would only transform the progress of 35 years of hard work into a collossal failure. The problems of our cities cannot be answered by neglecting our rural areas. Real solutions can only be found by regional planning for the total needs of all sectors of our society.

The rural electric systems have taken their place in the utility industry, subject to regulatory requirements, and responsible for public service. Operated under the leadership of boards of directors elected from the people served, their common purpose is to provide an essential service in areas which were, and generally still are, too sparsely settled to be lucrative enough for the investment of private capital to do the job.

This job is by no means completed. Financial burdens on the Michigan systems are greater now than ever before. As can be expected, operating costs—and consequently, retail rates—of most of the rural systems are higher than those of the systems serving more densely populated areas. The investment capital required for each dollar of potential revenue is considerably greater than for other systems.

The need for capital to extend service to new consumers and to expand system capacity to meet growing demand is expanding at an unprecedented rate. The Michigan systems, which had a total of nearly $132 million in loan funds approved during their entire history through 1970, anticipate capital needs of approximately $23 million for the 18-month period ending June 30, 1972, to meet a backlog of unapproved loan requests and to meet new loan fund requirements.

The financial needs of these systems has reached critical proportions. Since 1965, congressional appropriations for the program have remained at the same level—$3.5 million or less—while inflation has been eating away at the buying power of the dollar. Administrative policies designed to control the outflow of inadequate loan funds have reduced working capital and reserves to dangerously low levels.

Some of the Michigan systems have been forced to make unsecured, short-term loans from local banks to meet their current operating costs, and more systems anticipate the need to do so in the coming months. Some of the distribution systems have been unable to pay their wholesale power bills on time. Most of the systems in the State have either recently increased their retail rates, or plan to do so in the near future. Until now, the Michigan systems have been able to provide for extension of service to new loads arising within their service areas, but most systems must now review their extension policies with a view to available capital, defeating the "area coverage" approach which has been advocated by REA over the years.

With the U.S. Government holding first mortgage on their property, and being unable in the face of rapid growth to acquire sufficient equity, the rural systems have not had access to private financing. After unsuccessful attempts to convince the Congress to provide corrective and enabling legislation, the rural electric systems have banded together nationally to form their own financing institution, the National Rural Utilities Cooperative Finance Corp.—commonly called "CFC." This institution has been organized in cooperation with REA to provide supplemental loan funds. Now in its infancy, CFC has made commendable progress to date, and shows promise for the future, but will never bring full benefit if its member systems are allowed to starve for construction capital now.

The rural electrification program, like any progressive venture, has not been without criticism. It has welcomed constructive criticism, but issue must be taken with those who would distort the facts. The program is not financed by government grants, but by loans to be repaid with interest—and a remarkable repayment record has been established. In fact, the systems have responded to immediate treasury needs in the past by making principle payments in advance. The interest rate of 2 percent has been termed a subsidy, but the tax base generated by stimulation of economic development far outweighs any cost to the Government in interest rates.

Some view the program as an icon fashioned by the hands of political extremists. But in fact it was built with bipartisan support by many people concerned with the well-being of others and the needs of the Nation. The rural electric program is a working example of the principles of self-determination and free enterprise which have helped make this Nation great.

The pendulum of time swings with the forces and momentum of history, each oscillation inducing change in emphasis and in priorities to meet immediate needs. In our time the pendulum no longer swings leisurely but pulsates with ever-increasing frequency. In our time man has experienced more change in his social and economic relationships than during any preceding period in history. As the spiral of change continues, and we work to improve our economic conditions, we risk compromising our social and even our moral values.

The American Nation continues to grow, and its problems multiply, both in volume and intensity. Nowhere are the pressures to find solutions to these problems focused with greater intensity than on this Government. Every Member of Congress is poignantly aware of the polarization and fragmentation resulting from these pressures, and we need not elaborate on the great issues facing this Government today. Rather, we must develop the cooperation and unity which we all know are essential to the survival of the Nation.

I submit to my colleagues representing primarily urban districts that the elusive answers we all seek, to restore our cities and to protect our environment, cannot be found in the cities alone. Nor can our rural areas survive alone. No longer can we continue to think of a "rural America" nor of an "urban America" any more than we can afford to polarize on the basis of class, color, or creed. Only after we have learned to relegate our provincial interests in favor of regional and national progress will we find sound solutions to our problems.

I propose that we begin here and now to reassess our priorities and to reestablish our immediate goals in the interest of long-range national objectives. Let us plan and support programs which will provide for utilization of our land and our resources to the best interests of all

the people. We have before us today a vehicle which may be used effectively toward that purpose—a vehicle forged on the anvil of human need and tested on the proving ground of American life—the rural electrification program.

Let the 92d Congress go on record in support of this program by increasing the REA appropriation for fiscal year 1972 to an amount adequate to meet the great challenges facing the Nation's rural electric systems.

THE INVISIBLE BILK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ROSENTHAL) is recognized for 10 minutes.

Mr. ROSENTHAL. Mr. Speaker, the famed free enterprise system we Americans boast so much about may be more myth than reality.

Further evidence of this is contained in "The Closed Enterprise System," a comprehensive study sponsored by Ralph Nader. The study contends American consumers are overcharged $48 to $60 billion a year largely as a result of lax, inefficient, and politically influenced enforcement of the antitrust laws against noncompetitive industries.

Two-thirds of the supposedly competitive American economy has been converted into a "business collective" dominated by 200 corporations, according to the study, as a result of weak antitrust enforcement. The consumer pays for this in higher, largely noncompetitive prices.

I would like to include in the RECORD a report from the Washington Post by Reporter Morton Mintz about the Nader study, plus an accompanying piece by reporter Nick Kotz about price fixing in the plumbing fixtures industry.

The Kotz article tells how the victims are ignored in the multimillion-dollar settlement of a giant antitrust case while their lawyers stand to split fees that may run to $8 million. Reporter Kotz points up some of the problems the Nader study explores when he states:

But civil antitrust cases seldom produce the clear remedy the law seemingly offers.

I am inserting both articles in the RECORD at this point:

[From the Washington Post, June 6, 1971]

"INVISIBLE BILK": PRICE FIXERS—$48 BILLION COST TO PUBLIC SEEN

(By Morton Mintz)

Lax, inefficient and politically-influenced enforcement of the antitrust laws costs consumers $48 billion to $60 billion a year, a study group sponsored by Ralph Nader estimates in a new report.

This "invisible bilk" occurs mainly in the form of excessive prices charged by noncompetitive industries, the report says. These prices reduce consumer purchasing power and, consequently, production of goods, the report says.

Such prices can be charged because the frustration of antitrust enforcement has allowed two-thirds of the supposedly competitive American economy to be converted into a "business collective" dominated by 200 corporations, the report contends.

"Like sex in Victorian England," the report says, "the reality of Big Business is our big dirty secret."

Ralph Nader, who wrote the introduction to the 1,148-page document entitled "The Closed Enterprise System," told a news conference yesterday at the Mayflower Hotel that he hopes the effect of the report on "crime in the suites" is to take antitrust enforcement out of the "province of lawyers and economists trading esoteric phrases" and put it in the domain of the millions of consumers it affects.

Advance copies of the report, scheduled to be published as a book in December, were made available last week to prominent persons who are severely criticized. Several replied in kind.

The report is the product of a year-long research project by four lawyers and four graduate students, principally Mark J. Green, assisted by Beverly C. Moore Jr. and Bruce Wasserstein. The study group conducted 500 interviews and extensive library research.

The central focus is on the Justice Department and its Antitrust Division, and the secondary one on the Federal Trade Commission. (A 1969 FTC study by the first Nader task force—"Nader's Raiders"—dealt with the consumer protection, not the antitrust mission, of the agency.)

The report also has sections on the anticompetitive roles played by other agencies, including the Federal Communications Commission, the Interstate Commerce Commission and the Defense Department, and the private antitrust sectors.

The "invisible bilk" cheats consumers far more than do "shoddy merchandise and the street pickpocket," Green told newsmen yesterday.

But he also listed these additional "dynamic costs" of industrial monopoly and "shared monopoly," in which four or fewer firms supply at least half the market:

"Aggravated inflation," against which fiscal policy and other conventional weapons are largely ineffectual.

"Increased pollution," illustrated by the 1969 Justice Department suit charging the major auto makers and their trade association with having conspired to retard development and installation of pollution-control devices (the suit was settled with a consent decree).

"Income inequities and political instability, racism, a centralization of political power, reduced efficiency and laggard innovation."

The primary goal of the author is breaking up monopolies and "shared monopolies," which also are called oligopolies. Their chief recommendations for achieving this is the creation of a new competition protection agency combining the "prosecutorial superiority" of the Antitrust Division with the investigative, economic and rule-making abilities of the FTC.

The report is even-handedly nonpartisan in its numerous criticisms of alleged antitrust politicking by prominent figures.

Chairman James O. Eastland (D-Miss.) of the Senate Judiciary Committee is accused, for example, of trying to persuade Attorney General Ramsey Clark in 1968 to kill a Justice Department case against a merger of three banks in the legislator's home state. Mrs. Eastland "had financial interests in one of the banks," the report charges.

But Donald F. Turner, the Assistant Attorney General in charge of the Antitrust Division, who had labeled the merger the clearest example to date of "anti-competitive market extension," prevailed and the department went to court. (It lost.)

On Thursday, a reporter for the Washington Post dictated the entire passage about Eastland in the report to a secretary in his office. The senator had no comment as of last night.

During the Eisenhower Administration, the Justice Department filed criminal antitrust charges against the Radio Corporation of America. RCA pleaded no contest and was fined $50,000, the maximum allowable, on each of four counts.

Attorney General Herbert Brownell Jr., "under orders from the White House, had struck off the proposed indictment the name of a suggested criminal defendant: Gen. David Sarnoff, founder and chairman of RCA," the report says.

In New York City, Brownell told a reporter, "I never got any orders or even suggestions from the White House . . . There's nothing to that."

Had he, possibly on his own, struck Sarnoff's name? Stopping short of a denial, Brownell said that if he had done so, he would think the act would "stick in my mind."

The report also says that Brownell, in an "eleventh hour" telegram in 1956, rescinded his go-ahead for the filing of an action intended to block a joint operating agreement between two newspapers in Salt Lake City, the Deseret News, owned by the Mormon Church, and the Tribune.

It says that Brownell sent the telegram after being pressured by his Cabinet colleague, Secretary of Agriculture Ezra Taft Benson, and Sen. Wallace Bennett (R-Utah). The Washington Post detailed the charge to Bennett aides Thursday, but there has been no response.

Similarly, Sen. Allen Ellender (D-La.) chose not to comment on a charge in the report that he went to President Johnson "to insure no case would be brought" against a merger of two Louisiana rice-milling firms and "lobbied" Attorney General Nicholas deB. Katzenbach.

"GO EASY" ON ELLENDER

"I didn't feel any pressure," Katzenbach told a reporter. But he generally confirmed the report's statement that Ellender and the rice millers had presented the department with "inaccurate" data. He disclosed, in addition, that he had received a call from Agriculture Secretary Orville Freeman who, the report says, "urged him to go easy" on the then chairman of the Senate Agriculture Committee.

On the basis of the "inaccurate" data, Katzenbach—over the opposition of antitrust chief William Orrick—approved the merger.

Several "transgressions and conflicts of interest" are alleged against Rep. Emanuel Celler (D-N.Y.), chairman of the House Judiciary Committee and its antitrust subcommittee, but, as in other cases, these have been reported previously. The Nader group terms his conduct "surprising and inexcusable" especially because he repeatedly has been "the antitrust conscience on the floor of the House." Celler did not respond to an invitation to comment.

During the 1950s, William P. Rogers, Brownell's successor and now Secretary of State, refused to file only one case urged by antitrust chief Robert Bicks: a proposed complaint against the National Football League for attempting to monopolize professional football.

Rogers felt that if such a complaint had merit, a Texas oil magnate, Lamar Hunt, the major complainant, ought to bring it himself, being, the report says, "rich enough to finance the litigation."

"FAN" NIXON INTERVENES

"Rogers also considered the case something of a 'sport,' especially after Vice President Richard Nixon called him to urge, as a rabid fan, that he not sue the NFL," the report says. Neither the White House nor the State Department replied to requests for comment.

The report catalogues examples of alleged laxness (The FTC "has never lodged a monopolization charge against a major American industry"). It lists negotiated settlement that ate up scarce manpower for as long as a quarter century—and then, according to the report, accomplished nothing, legalized illegality or were not enforced. As examples of inefficiency, the report says, some antitrust complaints were not filed to begin with simply because papers were lost or endlessly nitpicked by one bureaucratic layer after another.

The report gives mixed notices—and no rave reviews—to most everyone. Rogers emerges relatively well. So do Bicks (but not President Eisenhower), Orrick and the incumbent antitrust chief, Richard W. McLaren. So do Attorneys General John N. Mitchell (who persuaded a resistant McLaren to give the Nader task force after-hours formal access to division lawyers and economists) and Ramsey Clark (but not Mitchell's deputy, Richard G. Kleindienst, or Presidents Nixon or Johnson).

Named as "the worst offenders—those who have disregarded antitrust or partisan gain"—are Brownell, Kleindienst and Katzenbach. Brownell is listed in good part because of a 1956 consent decree with American Telephone and Telegraph, the largest company in the world, that the report calls "the paragon example of political intrigue and sell-out."

KLEINDIENST ROLE "REPUGNANT"

The report says that in two sensitive merger cases, one involving a pharmaceutical firm represented by the former law firm of President Nixon and Attorney General Mitchell, the other involving the International Telephone and Telegraph Corp., Kleindienst played roles so repugnant to McLaren that the latter twice threatened to resign.

The Justic Department said the allegation that Kliendienst interfered for political reasons is "completely false," and the charge that McLaren threatened to resign in either of the cases is "equally false."

Katzenbach, now general counsel of IBM, said in New York, "I think I had a different reputation." And, he said, if he didn't act to break up such giants as General Motors and AT&T, neither did his successor, Ramsey Clark.

Along with Donald Turner, his choice to succeed Orrick as antitrust chief, Katzenbach had more substantive complaints to make.

One concerns oligopoly. In 1959, Turner, in a book written with Carl Kaysen, said that the Sherman Act of 1890—the first antitrust law—was inadequate legally to deal with it. "This is why we recommended new legislation," Turner said yesterday in a phone interview in Cambridge, Mass.

The report says that Katzenbach and Turner, despite encouragement from crucial Supreme Court decisions and pleas from aides to move against economic concentration, refused to do so. Thus Katzenbach, resisting pressure from Rep. Celler and his Senate counterpart, Philip A. Hart (D-Mich.), refused to try to stop the acquisition of the New York Yankees by the conglomerate Columbia Broadcasting System.

(Earlier, in another news media episode, the report says, the late Robert F. Kennedy, as Attorney General, decided not to bring charges against the Times Mirror Co. and the Hearst newspaper chain for dividing the Los Angeles market with an agreement that each would drop a newspaper there, and for having price-fixing "codes.")

The report suggests that Katzenbach and Turner were timid, at best; they say they could not bring lawsuits they believe to be legally invalid.

Since then, McLaren has moved against "new" conglomerates—but not old ones—without new legislation. And Turner, a couple of years ago, after returning to Harvard Law School, had a change of mind: in certain cases, he said yesterday, the Sherman Act can be used against "shared monopoly."

Another Katzenbach protest against the report was that its authors failed to distinguish between efforts to exert political pressures and routine contacts. "It's so damn naive that it bores me," he said. "I never had a Congressman or Senator threaten me." He acknowledged that in the case of a legislator with "clout" the threat may be implicit.

Katzenbach and a Justice Department spokesman said the report contained numerous factual errors. Washington attorney Lloyd N. Cutler, a particular target of the report, said in a detailed, 5-page rebuttal that "virtually every factual allegation" concerning him and Turner "is false or misleading." Turner, a long time friend, agreed.

Katzenbach also objected to what he saw as a pattern in the report of assuming that any case that was not filed should have been, and that the official who did not file it was "ignorant" or politically motivated.

Mark Green and his co-authors themselves emphasize that anti-trust "politicking" is by no means the principal problem. Providing a wealth of documentation bearing on the FTC and all other agencies involved with antitrust, they say:

"The real erosion of enforcement is a process at once more subtle and pervasive. Congress passes inadequate or conflicting legislation; the Executive Branch requests few funds and Congress, in turn, underfinances it.

"The Attorney General stresses opposing interests; Antitrust Division chiefs lack the resources and vigor to file against the many violations which occur, and they lack the courage and creativity to formulate new cases to cope with new problems.

"Big business and big labor support this somnambulism, and the public doesn't seem to care—as everybody pays homage to antitrust but not very much attention to it. Four generations of the velvet glove are enough."

[From the Washington Post, June 6, 1971]

PLUMBING SUITS PROFIT LAWYERS

(By Nick Kotz)

In a series of private meetings, in early 1970, a handful of lawyers quietly agreed on a plan to settle at least $200 million in potential damage claims against plumbing producers convicted of price-fixing.

The lawyers' solution: let the manufacturers pay only $28 million and give none of this to 2.5 million homeowners whose houses contain bathtubs, wash basins and toilets illegally overpriced by about $35 million.

Moreover, the lawyers for the overcharged consumers are likely to receive the biggest slices of the settlement pie—$6 million to $8 million.

The plan stands an excellent chance of receiving final court approval in December, which would conclude another chapter in the strange history of antitrust laws.

The settlement agreements are not unusual. They are illustrative of the way the antitrust laws work—some say don't work—today. Indeed, the plumbing settlements represent an improvement over how the laws worked in the recent past.

The agreements come after five years of criminal trials and civil lawsuits that once offered consumers at least the hope of far greater compensation.

When the federal government charged the industry with illegal price fixing, prosecutor John C. Fricano dramatically emphasized to the jury: "If you have manufacturers agreeing to increase prices . . . sooner or later, you, the public, are going to be paying that increase."

The jury, in May, 1969, found the industry guilty of a conspiracy to raise prices on $1 billion worth of plumbing fixtures—most of such fixtures sold in the United States between late 1962 and 1966.

The manufacturers were convicted of illegally raising prices by 7 per cent, or about $70 million during the four-year period. The antitrust laws provide that purchasers paying such overcharges are entitled to treble damages. Thus the government provided a basis for purchasers to seek about $210 million from the companies.

But civil antitrust cases seldom produce the clear remedy the law seemingly offers.

So it is in the plumbing fixtures agreement, under which:

The 2.5 million private citizens who bought new homes during the conspiracy period will receive nothing.

Since their homes contain plumbing illegally overpriced by about $35 million, the homebuyers could collect $105 million by proving they were the real victims of the overcharges.

State and local governments that put up buildings during this period paid, by one estimate, at least $10 million extra and would be entitled to claim $30 million. They would get $1.75 million and may collect $1 million more for public housing.

The federal government, by its own conservative estimate, paid more than $1 million too much. It has agreed to accept $355,000.

Most of the settlement money will go to homebuilders and builder-owners of apartments and office buildings, and possibly some will go to persons who contracted to build their own homes.

But even these purchasers' right of recovery is uncertain. They must file written claims within 60 days after the settlement agreement is published in several national magazines. If they don't file timely claims or written dissents from the agreement, they are barred from recovery.

THIRD TIME

This is the third time in 60 years that U.S. plumbing producers have been found guilty of price fixing. "Price fixing rather than competition has been a way of life in this industry," comments a former plumbing industry official who served as a key government witness to the latest price-fixing conspiracy.

Three convicted company officials and five who pleaded "no contest" were sentenced to jail terms of 1 to 60 days. The company executives and the 15 companies that were found guilty or pleaded "no contest" were fined a total of $750,000. The maximum penalty for a person convicted of price fixing is a one-year jail sentence and $50,000 fine.

If the civil damage settlements are given final approval by the federal courts, the $28 million paid by the companies will represent less than half of the estimated illegal overcharges and about 13 per cent of the triple damages consumers could claim under the law.

The $28 million paid out in damages and their own defense counsel fees will be deducted by the guilty companies from corporate income taxes as legally approved costs of doing business.

CLASS ACTION SUITS

Critics of the settlement agreement say the law should be working better in the supposed bright new era of consumer class action lawsuits.

The class action civil suits, permitted the last five years by federal court decisions, theoretically make it easier for consumers with small damage claims to band together to seek recovery from powerful corporations. But consumer critics cite the plumbing fixtures case as evidence that laws, judicial rulings, and present methods of private suits still don't benefit consumers, who ultimately pay the cost of price fixing.

Critics contend that a just settlement of the plumbing case should have been far

larger than $28 million and should have divided the money differently.

Paul Scanlon, a McLean, Va. attorney who unsuccessfully filed a class action suit in behalf of all homeowners, told Federal District Judge John Lord in 1969: "I refuse to settle this case in a virtual sellout. Who uses the tub except the homeowner?"

The defendant companies, which had already worked out a settlement agreement excluding the homeowners, asked Judge Lord in Philadelphia to dismiss the case. Judge Lord issued a summary judgment against Scanlon's suit, for procedural reasons and on the ground that the homeowner was "too remote" from the manufacturer to prove damages. Judge Lord said it was "an incredible view" to assume that a builder of $20,000 or $30,000 homes had directly passed on to the homebuyer "plumbing overcharges of approximately $10 or $20."

RULING UPHELD

The Third Circuit Court of Appeals upheld Judge Lord.

Another critic is Jean Benoy, North Carolina's deputy attorney general, who refused to have his state participate in the $1.75 million settlement of state and local government claims. Benoy believes the states are being shortchanged by having a few private attorneys represent them. Instead, he believes state attorney generals should work collectively to recover damages for state and local governments and consumers.

Benoy and others, including Ralph Nader's Center for Responsive Law, make the following points:

Private attorneys too often find it in their own financial interest to settle cases rather than to engage in protracted litigation with powerful industries.

The private attorneys tend to represent middlemen in the distribution process, the homebuilder rather than the homeowner.

Persons entitled to antitrust damage claims have little control over private attorneys who represent them in class action, or don't even know that a suit has been filed that will determine their legal interests.

FOUR KEY ATTORNEYS

The four private attorneys who played key roles in the plumbing case are among the most prominent nationally in antitrust law.

They are Harold Kohn of Philadelphia, who filed class actions in behalf of all builder-owners and all public housing agencies, and who also represents seven states; David I. Shapiro, of Washington, D.C., representing 11 states, including Virginia, and individual builder-owners, Perry Goldberg of Chicago, representing seven states and individual builder-owners, and Lee Freeman of Chicago, representing four states and individual builder-owners.

The overall $28 million settlement largely was worked out between two men: Kohn and William Willis of the New York law firm of Sullivan and Cromwell, which represents American Standard Inc., the giant of the industry. In addition to them, Shapiro played the most important role in the state-local government portion of the settlement.

Kohn and other plaintiffs' lawyers who agreed to the settlement consider it a substantial victory for consumers and consider themselves pioneers in advancing the public interest. Judged by the history of civil damage antitrust suits, their claims seem justified.

Until the last few years, consumers who have suffered damages seldom collected a dime following a criminal conviction for industry price fixing, much less triple damages. Consumers and businessmen with small individual claims were unorganized and lacked any effective means to fight for reimbursement. Their chances of recovery have improved only in the last five years, as tradition-breaking court decisions have made it easier for groups of individuals and government agencies to pursue claims collectively in class action.

Kohn and Shapiro are among the handful who have forged the new law. They point to a number of factors justifying their handling of the plumbing settlements. Among these:

The recovery of civil damages is still difficult. The greatest problem is for individual claimants to prove they actually paid illegal overcharges. The homeowner had little chance to prove that small overcharges actually were passed through to him.

The builder-owners had the best legal case and the most money to pursue recovery.

The $28 million damages represents the best available "rough justice" to punish the companies and to serve as a deterrent against further price-fixing.

Most plumbing manufacturers do not have the financial ability to pay larger damages.

ABOUT $350,000 IN FEES

Shapiro, Kohn, Goldberg and Freeman will collectively receive about $350,000 if the court approves the 20 per cent fee provided in the settlement for the 29 states they represent in the $1.75 million state-local settlement. Each also will receive substantial fees for representing builder-owners.

The lion's share of total fees will go to Kohn for his dominant role in representing builder-owners and public housing agencies in the major $23 million portion of the settlement. He has indicated that he will seek a court-approved fee of 25 per cent, or more than $5 million.

At a hearing two weeks ago before federal District Judge Alexander Harvey II in Baltimore, other lawyers protested bitterly that Kohn has unfairly dominated the settlement and is demanding fees that should go to them. Kohn replied that he had negotiated the settlement while the other lawyers had tried on their own and failed.

Judge Harvey, in turn, sharply questioned the lawyers, indicating his displeasure that they were devoting most of their attention to their own fees when the issue was bringing the most persons with legitimate claims into the settlement.

KOHN IN DRIVER'S SEAT

A history of the suits reveals that Kohn was in the driver's seat from the outset.

Within two months after a federal grand jury indicted the plumbing manufacturers in 1966, Kohn filed the first civil damage suits—class actions to represent all builder-owners and public housing agencies. His role was strengthened further when the Federal Judicial Panel on Multidistrict Litigation consolidated the more than 300 other damage suits in the federal district court in Philadelphia.

When the federal government convicted three manufacturers in the May, 1969, jury trial, the defendant companies began serious negotiations for a settlement.

Between May and October of 1969, Kohn and Willis, the leading attorney for the defendants, negotiated with each other.

THE OCTOBER MEETING

Their talks led to an October meeting in New York at which the defendants assembled dozens of attorneys representing plaintiffs and offered them an overall $15 million settlement. The attorneys rejected this as inadequate.

At the meeting, the defendants made clear that they would not recognize Scanlon's class action on behalf of homeowners. Scanlon says that one defense attorney at this meeting offered him a $500,000 legal fee if he dropped his homeowner suit. Scanlon says he rejected the offer.

Kohn and Willis then concentrated again on settlement negotiations, while Scanlon and several state attorney generals pushed for discovery of evidence they needed for a trial.

In December, Scanlon protested to the judicial panel that the attorneys interested in settlement were blocking progress toward a trial. A judge on the panel later indicated his own displeasure that Kohn was not moving the case forward.

In January, Scanlon and other lawyers finally got to take testimony from a key witness, a former industry official who had participated in the conspiracy and had made tape recordings of incriminating industry meetings and telephone conversations. As the deposition was being taken, the defendants moved faster toward settlement.

AGREEMENT SIGNED

On Feb. 4, 1971, Kohn and Willis signed an agreement on the major part of a proposed settlement. Most of the defendants agreed to pay Kohn's class action clients $23 million. But the agreement was subject to the defendant companies settling or disposing of other claims.

A major obstacle to the settlement was overcome in April when Judge Lord dismissed Scanlon's claim for homeowners.

Negotiating always with the most influential plaintiffs' attorneys, Willis then achieved the following:

$1 million settlement with plumbing wholesalers, with $150,000 of this going to their attorneys, including about $100,000 to New York attorney Edward Brodsky.

A $2 million settlement with plumbing and general contractors, with their attorneys getting $500,000 of this, including about $100,000 to Los Angeles attorney James Sullivan.

The $1.75 million settlement with state and local governments. Shapiro, Kohn, Goldberg, and Freeman simplified this process by bringing in their 29 states.

Arizona, however, posed problems until the defendants persuaded Judge Harvey to dismiss the state's claim on the ground that government agencies, like homeowners, had bought buildings and not plumbing fixtures.

THE "SWEETENER"

Nevertheless, the defendants were worried that higher courts would overturn this ruling. As a "sweetener," Willis offered to let Mark Harrison, the Phoenix attorney representing Arizona, also represent the seven states that had not filed claims.

Harrison said he accepted the arrangement, which could bring him $23,000 in fees, because he felt that Arizona claimants would get a big slice of the $115,000 total allotted to the eight states.

Another link in the settlement package was completed two months ago when the federal government accepted $355,000 for its claims.

The settlements are now moving toward final court approval. Judge Harvey has appointed Kohn, a member of the Shapiro firm, a Los Angeles attorney to administer the claims in the $23 million settlement.

Judge Harvey will decide in December whether the settlement is satisfactory and how much Kohn and his colleagues should get in fees.

The suit in behalf of 2.5 million persons who bought new homes was buried last week in the courtroom.

The defendants, with court approval, agreed to pay Scanlon $25,000 for legal expenses, in return for his written agreement not to appeal the homeowners' claims to the Supreme Court.

Scanlon says he had run out of funds to pursue his case further after a four-year effort. "I'm broke and they know it," he remarks.

THE PRESIDENT'S ENERGY MESSAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Wisconsin (Mr. ASPIN) is recognized for 10 minutes.

Mr. ASPIN. Mr. Speaker, on Friday of last week, President Nixon issued a major statement which announced the administration's plans for meeting the projected energy needs of the United States. These plans have important implications for the future of the proposed trans-Alaska pipeline, and I would like to point out the more pertinent of these.

When the President called for a speedup of the leasing of Federal oil lands, he nullified the major arguments used in support of the immediate development of Alaska's North Slope oil and the construction of a trans-Alaska pipeline. Indeed, immediate development of the Alaska pipeline would become totally unnecessary and incredibly wasteful.

If the President is going to release new offshore oil lands for exploration, as well as open up the Colorado, Utah, and Wyoming shale fields which alone contain 600 billion barrels of oil, then it would be ridiculous to argue that the trans-Alaska pipeline should be constructed—at enormous ecological and economic costs—to transport an estimated 40 billion barrels of oil. The administration just cannot have it both ways.

We have been told that the estimated 40 billion barrels of North Slope oil is so important that it will virtually solve our domestic oil problems for the next 20 years. Now we are told that we must develop up to 600 billion barrels. Next, I am sure, we will be told we need both.

The President's energy statement also announced the granting of $2 billion to accelerate the development of a fast breeder reactor—a nuclear power reactor which breeds its own fuel. Current scientific data indicate that the President is dead wrong in his assessment of this fast breeder reactor as the best hope for meeting the country's future energy needs. There is general agreement among scientists that the country's best hope for future energy lies with the development of thermonuclear power reactors which utilize the process of hydrogen fusion.

At this point, I would like to refer to an editorial which appeared in the September 12, 1970, edition of Business Week magazine. The editorial, entitled "Needed: A Crash Program for Fusion Power," describes the enormous potential of fusion reaction as a future power source. The editorial stated that—

> Within two years, researchers working on the problem expect to overcome their basic difficulties and prove the feasibility of producing virtually limitless amounts of power from fusion reaction.
>
> Fusion power is worth the effort. It is the only thing on the horizon that offers an answer to the critical questions raised by depletion of fossil fuel reserves and the mounting threat of pollution.
>
> Above all, the government must inject a sense of urgency into the project. Fusion power is no longer a pipe dream. It could become a reality if the U.S. will put forth the effort to bring it into being.

Fusion power could be developed for a great deal less than the $2 billion President Nixon proposed to allocate for the fast breeder reactors. This highly efficient and virtually pollution-free process could probably be made workable by 1980 with adequate Government support and could supply our energy needs for several hundred thousand years at low cost. Yet, the four major research centers working in this area have been receiving only $30 million a year from the Atomic Energy Commission.

The reason why such a potentially effective solution to our energy problem has received such inadequate funding is simply because it has so much potential in terms of meeting our future energy needs that the oil industry has convinced the administration to pretend it does not exist.

U.S. DISTRICT COURT HOLDS THAT CONGRESSMEN ARE "PERSONS" WITHIN MEANING OF REFUSE ACT OF 1899

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 30 minutes.

Mr. REUSS. Mr. Speaker, the U.S. district court for the western district of Wisconsin several days ago handed down a landmark decision upholding the right of a citizen, including a Congressman, to one-half the fine paid by a polluter of our waterways, where the information provided the Department of Justice by that citizen has led to the conviction.

In this case, the Congressman furnishing the information had directed that his share of the fine be paid to the State department of natural resources, for use in its program of aiding municipalities to build sewage treatment plants.

In the course of its decision, the court dismissed the contention by the Department of Justice that a Congressman is not a "person" within the meaning of 33 U.S.C. 411, the Refuse Act of 1899.

I am confident that Members of both sides of the aisle will be reassured by this formal determination that they are "persons."

The opinion and order of Judge James E. Doyle follows:

[In the U.S. District Court for the Western District of Wisconsin, 70–CR–705; 70–CR–106]

UNITED STATES OF AMERICA, PLAINTIFF *v.* ST. REGIS PAPER COMPANY, DEFENDANT; UNITED STATES OF AMERICA, PLAINTIFF *v.* FALLS DAIRY COMPANY, DEFENDANT

OPINION AND ORDER

Claimant Henry S. Reuss, a member of the United States House of Representatives, has petitioned this court to recover informer fees pursuant to section 16 of the Rivers and Harbors Act of 1899, 33 U.S.C. § 411. He seeks an award of one-half the fine imposed against the defendants in the cases of *United States v. St. Regis Paper Company*, No. 70–CR–105 (W.D. Wis., Jan. 25, 1971), and *United States v. Falls Dairy Company*, No. 70–CR–106 (W.D. Wis., Aug. 27, 1970). The two defendants were adjudged guilty of discharging refuse matter into navigable waters in violation of § 13 of the Rivers and Harbors Act of 1899, 33 U.S.C. § 407. In accordance with § 411, defendant St. Regis Paper Comany was fined $2,000.00, and defendant Falls River Dairy Company was fined $1,500.00. Claimant alleges that he has supplied all the information necessary for the convictions of the two defendants, and under § 411 is entitled to $1,750.00. Having jurisdiction to decide the criminal aspects of these two cases, I consider that I also have jurisdiction to decide any claims under § 411 relating to distribution of the fines imposed in the criminal actions. *See United States v. Simons*, 7 F. 709 (E.D. Mich. 1881).

On March 20, 1970, claimant sent a letter to the United States Attorney for the Western District of Wisconsin calling attention to a number of named polluters, including the defendants,[1] which claimant believed were in violation of 33 U.S.C. § 407. This letter listed each separate alleged polluter, the location of each polluter, the type of refuse being discharged, the navigable body of water into which the refuse was discharged, and the file number of orders issued by the Wisconsin Department of Natural Resources. On April 1, 1970, claimant sent an affidavit to the United States Attorney again listing the named polluters, and further stating the polluters, including the defendants, had:

". . . repeatedly within the five years prior to March 20, 1970, discharged or deposited from the shore into navigable waters or tributaries thereof in the Western District of Wisconsin refuse matter; that the affiant has examined, or caused to be examined, the files of the U.S. Army Corps of Engineers in Milwaukee, Chicago and Washington, D.C. and has found no record that any of the 71 persons or corporations has received a permit from the Secretary of the Army, as required by statute, for the discharge or deposit of refuse material; that affiant's knowledge of the discharge or deposit of refuse matter into waterways by the said persons and corporations has been obtained from private sources, and from the files of the Southeastern Wisconsin Regional Planning Commission, Waukesha, Wisconsin and Wisconsin Department of Natural Resources, Box 450, Madison, Wisconsin 53701; that all information necessary for court proceedings under 33 U.S.C. Section 407 is on file and available to the United States Attorney at the Wisconsin Department of Natural Resources, Box 450, Madison, Wisconsin 53701; that such information for each of the 71 cases includes a basin survey of the affected waters by the Department of Natural Resources, a Notice of Hearing, a Record of Hearing (including testimony of witnesses concerning their professional qualifications, the source of such discharge or deposit of refuse materials, when and where the samples were taken or other field tests made, how the testing was done, what the results and the significance of the tests were), correspondence, memoranda and inspection reports relating to each act of pollution; that in most cases the person or corporation involved does not contest the fact of the pollution; that in each of the 71 cases an order has been issued by the Wisconsin Department of Natural Resources, which order is on file, and sets forth the violation alleged; that the date for the name of the violator, address of the violator, nature of refuse deposited, water into which refuse has been deposited, navigable water to which water of deposit is a tributary, and Wisconsin Department of Natural Resources Order, follows (in that order) for each of the 71 instances."

On May 11, 1970, claimant again wrote to the United States Attorney and inquired what action, if any, was intended with regard

[1] This letter listed one of the polluters as: "Cornell Paper Products Company; Cornell; Paper Mill Refuse; Chippewa River; Mississippi River; Order of 2–65J–2, April 2, 1965." Defendant St. Regis Paper Company is the parent corporation of Cornell Paper Products Company. The other defendant was also included in the list: "Falls Dairy; Jim Falls; Creamery Refuse; Chippewa River; Mississippi River, Order of 2–65J–4, April 2, 1965."

to the named polluters. Included in this letter was some legal research on the question of what constitutes separate violations of § 507 and § 411. The United States Attorney responded by letter stating that he expected to file criminal actions against some of the named polluters referred to in claimant's March 20, 1970, letter. The United States Attorney also asked claimant for any suggestions to aid him in developing guidelines in this area; to which request claimant responded on May 21, 1970.

On August 5, 1970, the United States Attorney filed separate informations against the two defendants, one charging that: "On or about the 20th day of May, 1970, at Cornell, Chippewa County, in the Western District of Wisconsin, the defendant St. Regis Paper Company, a foreign corporation, did unlawfully discharge and deposit and did cause and procure to be deposited from its Paper Board Mill in Cornell, Wisconsin, refuse matter, to wit: wood fibers and other industrial paper product waste into the Chippewa River, a navigable water of the United States; in violation of Title 33, U.S.C. Section 407." The other information charged that: "on or about the 19th day of May, 1970, at Jim Falls, Chippewa County, in the Western District of Wisconsin, the defendant Falls Dairy Company, a Wisconsin Corporation, did unlawfully discharge and deposit and did cause and suffer to be deposited from its plant, through a distribution pipe refuse matter, to wit: milk waste into the Chippewa River, a navigable water of the United States; in violation of Title 33, U.S.C., Section 407."

On August 27, 1970, defendant Falls Dairy Company entered a plea of nolo contendere to the charges against it, and was adjudged guilty. No new facts or information other than those stated in the information were presented to the court prior to conviction. Subsequently, on December 17, 1970, the court imposed a fine of $1,500.00. On January 25, 1971, defendant St. Regis Paper Company also entered a plea of nolo contendere to the charges made against it, and was adjudged guilty. Similarly, no new facts or information other than those stated in the information were presented to the court prior to conviction. A fine of $2,000.00 was imposed by the court. Upon notification to him as a potential claimant for a portion of the fines under § 411, Reuss filed these claims for one-half the fines imposed.

33 U.S.C. § 411, enacted March 3, 1899, provides that:

"Every person and every corporation that shall violate, or that shall knowingly aid, abet, authorize, or instigate a violation of the provisions of Sections 407, 408, and 409 of this title shall be guilty of a misdemeanor, and on conviction thereof shall be punished by a fine not exceeding $2,500.00 nor less than $500.00, or by imprisonment (in the case of a natural person) for not less than thirty days or more than one year, or by both such fine and imprisonment, in the discretion of the court, one-half of said fine to be paid to the person or persons giving information which shall lead to conviction."

A preliminary issue is the effect of the phrase "in the discretion of the court" in § 411. Claimant contends that this phrase refers to the amount of the fine or to the length of the imprisonment, or to both the amount of the fine and the length of the imprisonment, but does not refer to whether or not one-half of the fine is to be awarded to the person giving information which shall lead to conviction. He asserts that this is clear from other statutes included in the Rivers and Harbors Act which use the same phrase. I agree.

33 U.S.C. § 406, enacted March 3, 1899, provides that:

"Every person and every corporation that shall violate any of the provisions of Sections 401, 403, and 404 of this title or any rule or regulation made by the Secretary of the Army in pursuance of the provisions of Section 404 of this title shall be deemed guilty of a misdemeanor, and on conviction thereof *shall be punished by a fine not exceeding $2,500.00 nor less than $500.00 or by imprisonment (in the case of a natural person) not exceeding one year, or by both such punishments, in the discretion of the court.* And further, the removal of any structures or parts of structures erected in violation of the provisions of the said sections may be enforced by the injunction of any district court. . . ." (emphasis added).

And 33 U.S.C. § 410, enacted May 9, 1900, after setting forth provisions for regulation of floating timber, logs, etc, states:

". . . and every person convicted of such violation shall be punished by a fine of not exceeding $2,500.00 nor less than $500.00, or by imprisonment (in the case of a natural person) for not less than thirty 30 days nor more than one year, or by both such fine and imprisonment, in the discretion of the court."

Both of the above statutes have provisions for the amount of fine or imprisonment, or both fine and imprisonment, similar to that in § 411 which are followed by the phrase "in the discretion of the court." However, unlike § 411, neither statute contains provisions for awarding informer's fees. Comparing all three statutes, it is then clear that the phrase "in the discretion of the court" refers to the language preceding it in § 411[2]; and thus I have no discretion in awarding one-half the fines to the claimant-informer if he is otherwise entitled to them.[3]

Two objections are raised to paying of one-half the fines to the claimant. They contend first that claimant did not "do enough" to be entitled to recover informer's fees. This objection cannot be sustained.

§ 411 merely directs that one-half the fines "be paid to the person or persons giving information which shall lead to conviction." Neither the statute nor the cases interpreting it give any indication of the minimum amount or type of information a claimant must have furnished to qualify as an informer to recover informer fees.[4] Nevertheless, I think it clear that this claimant has provided the government with sufficient "information" to satisfy § 411. Claimant's letter and affidavit set forth all the information and facts, except for the specific dates which appear in the informations charging defendants with violating § 407. Nor does it appear that any additional information not supplied by claimant was presented to this court by the government prior to the convictions. Moreover, claimant furnished the government with legal research and guidelines for enforcement of statutes related to the criminal actions. Thus it is clear that in both criminal actions, claimant had given "information which shall lead to conviction."

The second objection raised to the paying of one-half the fines to the claimant is that since he is a member of the United States House of Representatives, he is not a "person" within the meaning of that word in § 411. § 411 does not by its terms disqualify any public official from recovering informer's fees.[5] However, there appear to be two principles of public policy, difficult to distinguish from one another, which must be considered when government officials or employees seek to recover informer's fees or rewards.[6] The first is generally that public officials cannot receive rewards from *private* individuals or sources for the performance of official services. *United States* v. *Matthews*, 173 U.S. 381 (1899); *David* v. *Mathews*, 361 F. 2d 899 (4th Cir. 1966); *Union Pacific R. R.* v. *Belek*, 211 F. 699 (D. Neb. 1913). This does not apply to claimant Reuss because the provisions for informer's fees are offered by statute. The second principle is that a public officer cannot lawfully claim a reward for the performance of services which it is his official duty to perform. *United States* v. *Matthews, supra; Davis* v. *Mathews, supra; Union Pacific R. R.* v. *Belek, supra*. Claimant Reuss's official duty as a member of Congress is, generally, to make federal laws through the legislative process, not to investigate and gather information concerning possible violations of the Rivers and Harbors Act,[7] or any other act of Congress. Thus, public policy considerations do not preclude claimant from recovering informer fees under § 411.

Claimant Reuss satisfies all the requirements for recovery of informer's fees under § 411 and is not otherwise disqualified. I hold that he is entitled to an award of $1,750.00, that being one-half the fines imposed against the two defendants.

Therefore, for all the reasons stated above, and upon the basis of the entire record herein, IT IS ORDERED that one-half the Two Thousand Dollar $2,000.00) fine imposed in the case of *United States v. St. Regis Paper Company*, No. 70-CR-105, and that

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[2] This is supported by the interpretation of § 411 given in 33 CFR § 209.170(f)(2): "Section 16 of the Rivers and Harbors Act of March 3, 1899 (30 Stat. 1153; 33 U.S.C. 412), provides that every person and every corporation that shall violate, or that shall knowingly aid, abet, authorize or instigate a violation of the provisions of Sections 13, 14, and 15, shall be guilty of a misdemeanor. On conviction thereof violators shall be punished by fine, imprisonment, or both, in the discretion of the court."

[3] This issue does not appear to have been directly raised or ruled on. However, in a number of cases, courts have construed § 411 in dictum and have not indicated that the "discretionary" language refers to the awarding of informer's fees. *See, e.g., United States v. Esso Standard Oil Company of Puerto Rico*, 375 F.2d 621, 623 (3rd Cir. 1967); *Bass Anglers Sportsman's Society of America v. U.S. Plywood-Champion Papers, Inc.*, No. 70-H-1004 (S.D. Tex., Feb. 10, 1971); *Shipman v. United States*, 309 F. Supp. 411 (E.D. Va. 1970).

[4] Definitions of "informer" are of little aid here. In *United States v. Simons*, 7 F. 709 (E.D. Mich. 1881), in deciding claims for informer's fees under a predecessor to 19 U.S.C. § 1619, the court set forth the generally accepted definition of an "informer" (at 711) as one who "with the intention of having his information acted upon, first gives information of a violation of law, which induces the prosecution and contributes to the recovery of the fine, penalty, or forfeiture which is eventually recovered." Clearly claimant Reuss satisfies this definition, but it is too general and broad to be dispositive of this case.

[5] Other federal statutes which have provisions for payment of a portion of the fine to informers, including two enacted prior to § 411, expressly exclude certain government officials from recovering informer's fees: 31 U.S.C. § 155, enacted July 31, 1894 ("public prosecutor"); 31 U.S.C. § 163, enacted July 31, 1894 ("public prosecutor"); 19 U.S.C. § 1619 ("officer of the United States"); 31 U.S.C. § 1003 ("public prosecutor").

[6] Without intending to express any view on whether it may apply to claims for informer fees by other public officials, I note that 5 U.S.C. § 5536, which prohibits extra pay for extra services, applies only to government "employees." 5 U.S.C. § 5102(a)(2) and 5 U.S.C. § 2105(a) define "employee" for purposes of § 5536 so as not to include members of Congress. *See also Liberation News Service v. Eastland*, 426 F.2d 1379 (2nd Cir. 1970).

[7] Under 33 CFR § 209.190(g)(3), it is the official duty of the District Engineer of the United States Army Corps of Engineers to investigate, gather information, and report to the United States Attorney possible violations of section 16 of the Rivers and Harbors Act.

one-half the One Thousand Five Hundred Dollar ($1,500.00) fine imposed in the case of *United States v. Falls Dairy Company*, No. 70–CR–106, be awarded to the claimant Henry S. Reuss.

Entered this 26th day of May, 1971.

By the Court:

JAMES E. DOYLE,
District Judge.

ORDER

It is ordered, that one-half (½) of the Two Thousand Dollar ($2,000.00) fine in 70–CR–105 be awarded to the claimant, Henry S. Reuss, pursuant to 33 U.S.C. Sec. 411 and that at his request said sum of One Thousand Dollars ($1,000.00) be paid directly to the Wisconsin Department of Natural Resources for use in its program in aiding municipalities to build sewage treatment plants.

It is ordered, that one-half (½) of the One Thousand Five Hundred Dollars ($1,-500.00) fine in 70–CR–106 be awarded to the claimant. Henry S. Reuss, pursuant to 33 U.S.C. Sec. 411 and that at his request said sum of Seven Hundred Fifty Dollars ($750.00) be paid directly to the Wisconsin Department of Natural Resources for use in its program in aiding municipalities to build sewage treatment plants.

Entered this 26th day of May, 1971.

By the Court:

JAMES E. DOYLE,
Disrtict Judge.

ADDRESS TO THE ILLINOIS BANKERS ASSOCIATION

(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, last Friday, I had the opportunity to meet with the Illinois Bankers Association and discuss some of the banking issues that are confronting Congress. Much of my speech was devoted to a discussion of H.R. 5700, the Banking Reform Act of 1971, which we hope to report out of the Banking and Currency Committee soon. The bill is now undergoing a redraft and I discussed some of the changes with the Illinois association.

Through the years, I have made speeches to various organizations in different parts of the country. Often, I have found that the members of the clergy who offer the invocations provide some of the most cogent and incisive comments on the real issues facing us as a nation. I was particularly impressed by the remarks of the Reverend Walter Hamester, pastor of the Edgebrook Lutheran Church of Chicago at this session of the Illinois Bankers Association on Friday.

The American business and banking community received some excellent counsel when Reverend Hamester said:

Make us aware that public morality is as important as private morality and corporate responsibility more important than personal responsibility, that what we do or fail to do in the board room may be judged more harshly than the personal indiscretion we omit or commit in our leisure hours.

Mr. Speaker, I place in the RECORD the text of the invocation presented by Reverend Hamester. I also place in the RECORD a copy of my remarks to the Illinois Bankers Association:

INVOCATION BY REV. WALTER HAMESTER

Almighty God, we give thanks for your blessings upon our land. Teach us, in war and peace, that short-term gain is not worth long-term failure—let America never trade on the margin of her ideals.

May her institutions be worthy of your trust. Have us recognize the importance of our station in society and thereby the stewardship for the public good required of us. Make us aware that public morality is as important as private morality and corporate responsibility more important than personal responsibility, that what we do or fail to do in the board room may be judged more harshly than the personal indiscretion we omit or commit in our leisure hours. Even though money is our business, we cannot serve both its power and You. In money is power and power corrupts and those who wield monetary power must exercise it judiciously and righteously. Let us never so heavily mortgage our morality that we cannot redeem our principle.

Heavenly Father, allow us not to brood so deeply over economic downswing that we fail to seek spiritual uplift. Help us to learn that the only security is eternal security and that what counts at the final closing average is the way we have played the board.

Finally, we pray that each of us may see her need for your redeeming grace. We must ever borrow grace needfully, and since we must, we thank you for him who permits it, who said, "Do not worry about tomorrow; tomorrow will have enough worries of its own."

REMARKS OF HON. WRIGHT PATMAN

Thank you for inviting me. I regard this as a great opportunity to meet and talk with some of the leaders of the nation's banking community. As you well recognize, there have been lots of myths built up through the years about Wright Patman's relationship with banks.

The cliche—repeated almost daily in the nation's press—paints Wright Patman and the banks as bitter, no-holds-barred enemies.

Such a distorted picture serves the purposes of the lobbyists who earn enormous fees simply by encouraging banking organizations—and individual banks—to oppose anything that Wright Patman might propose in the Congress. This makes lobbying easy—and profitable. But it does little to provide the kind of information which banks so desperately need to make rational decisions about legislation affecting their institutions.

For the most part, the bank lobbyists—some of whom are sponsored by the banks here in Illinois—serve the interests of the banking industry poorly. I have seen many of their publications, newsletters and legislative messages and I can tell you that many of these documents are distorted and highly misleading. This doesn't hurt Wright Patman or the Members of the Banking and Currency Committee as much as it does your own industry.

In recent years, I have noticed that many bankers have begun to raise questions about organizations like the American Bankers Association and the large lobbying complexes financed by the big banks. I have received many letters from bankers expressing their opposition to positions being taken by the ABA and the big Wall Street financial institutions. I have been encouraged by these letters and they have reinforced my belief that there are thousands and thousands of public-spirited bankers who do not go along with the theory that this industry should be controlled by a handful of lobbyists and propagandists.

As Chairman of the Banking and Currency Committee, I want you to know that I understand that not every bank in the land is responsible for the actions of a few predatory giants. It is unfair—and highly destructive to your image—for the public to equate the actions and the purposes of Chase Manhattan, First National City, Bank of America and other large money centers banks with the performance and the aspirations of the great mass of the 13,500 banks throughout the United States. Your image and standing with the Congress would be improved tremendously if you could devise the means to separate yourselves from the strong-armed tactics of the Wall Street financial complexes.

It is time—in my opinion—for all banks to take a critical look at their lobbying and public relations approaches to the public issues of the day. The American Bankers Association is expanding its operations in Washington and is engaging in a wider and wider propaganda battle carried out under the name of the United States banking community.

I realize that the bankers here in Illinois do not have the time to check on what the ABA is doing in Washington and I would never hold individual bankers responsible for the type of information—or misinformation—which pours forth from the printing press of this organization. Let me just say that I am convinced—and there are many others in Washington who hold the same view—that the ABA does tremendous damage to the good name of banking.

The banks have also gotten their share of misinformation from some of the new "consulting services" which have been set up by former employees of the ABA. One of these services specializes in holding seminars, conducting studies, and issuing high-level memorandums purporting to analyze the banking and bank legislative problems of the day. This little front—which prides itself on an intellectual approach—doesn't fool anyone in Washington but it does contribute to the credibility gap which has hurt the banking community so badly in the nation's capital.

I mention these problems because I am deeply concerned that we do not have an opportunity to face serious financial and banking problems in this nation without the distortions created by self-serving lobbyists and quasi-lobbyists who are more interested in a buck than they are in giving the public and the banking community the truth.

Despite the manner in which the ABA—and some of its close allies—have muddied the water, I think you will find that your problems, your needs, and your hopes are surprisingly well-understood on the House Banking and Currency Committee. Despite the propaganda that you receive through the national organizations, I hope that you realize that you do have a full opportunity to make your position known and to have your views considered carefully in our Committee. We make every attempt—and this shall be the case as long as I am Chairman—to see that all elements of the banking community have a fair and complete hearing on any legislation before the Committee.

While I am not the most objective source, I am convinced that we have a very good Committee—one which is well-informed and one which insists on fair and equitable treatment on the legislative issues. Most of you know Frank Annunzio, who has served on the Banking and Currency Committee since 1965, and who has gained a tremendous reputation as one of the hardest-working Members of the House of Representatives.

The people of Illinois in general and the people of the Seventh District of Illinois in particular are indeed fortunate to have a Congressman of the stature of Frank Annunzio. And I consider myself fortunate to have him as a Member of my Committee. He is one of my strongest supporters and he has never let me down when I needed him.

I have been in the House of Representatives for more than 42 years and seldom during that time have I seen a Member who has accomplished more in such a short time as has Frank Annunzio.

He has been a leader in consumer legislation, immigration reform, labor and wage matters and small business matters. The Federal crime insurance program that will

go into effect on August 1, would not have become law had it not been for Frank Annunzio. It will enable thousands of small businessmen across the country to stay in business where they might otherwise have had to close their doors because of lack of insurance. Frank Annunzio faced tremendous odds in getting the crime insurance legislation passed and a lesser man might have given up. But he stayed with it and he shortly will see the fruits of his labor.

Frank Annunzio has been an active participant in every single piece of financial legislation to come out of the Committee over the past seven years. His influence is growing rapidly among Members of the Committee.

As Chairman, I deeply appreciate the contribution that Frank has made to the Committee. I regard him as my friend—a Congressman who stands up for his people and the public interest.

As most of you know, the Banking and Currency Committee has spent a great deal of this first session in the consideration of the Banking Reform Act of 1971. We conducted extensive hearings so that everyone—regardless of their positions—could be heard on this legislation. We realized that the bill was broad and that it involved some very complex areas of the financial community. Because of these complexities, none of us wanted to rush this legislation through without careful consideration and without an opportunity to carefully redraft sections to reflect the testimony and evidence presented the Committee.

These hearings ended on May 4, and since that time the staff has been combing through the testimony in an effort to come up with a working draft for the Committee to use in its "mark up" session. We have had some informal sessions with interested Members of the Committee to go over some of the more difficult areas of the legislation. I am very hopeful that this process will produce a good bill—a bill with which the banking industry can live and which will—at the same time—protect the public interest.

No piece of legislation ever comes forth from the Congress in a form which satisfies everyone. There must be give and take if there is to be legislation. This is the spirit in which the Banking Reform Act was introduced.

In introducing this legislation, I sought to raise questions about a number of areas which have been troubling the banks, the bank regulatory agencies, the Congress, and the general public—your customers—for a number of years. Many of these areas have been neglected for much too long. The Executive Branch, the Congress, and the banking industry itself share the blame for the failure to deal with these issues in a more timely fashion.

It is important—in my opinion—that the banking industry help provide some of the leadership in the efforts to reform banking laws so that they meet the contemporary needs of the nation. I do not feel that the banking industry is well-served when its lobbyists in Washington consistently adopt a negative "we oppose" attitude on such legislation.

You have many friends on the Banking and Currency Committee and some of them have expressed concern to me about this heavy-handed negative attitude that consistently greets banking legislation. The presentations being made by the American Bankers Association to the Congress are preventing many conscientious Members from taking the bank position seriously.

While I am critical of the ABA's performance, I can say that it was superior to the amazing display of apathy from the Nixon Administration. This legislation was introduced way back on March 8 and to this hour, we do not have a definitive position from the Administration. Early in the hearings—which began on April 20—we started getting assurances that the Administration was drafting its own version of the Banking Reform Act.

This was mentioned several times during the hearings and it occasionally found its way into the news stories on the financial pages of major newspapers. Now we are headed into the mark-up of the legislation and we still do not have the outlines of the Administration's position.

It is my understanding that a number of meetings have been conducted at various levels within the Nixon Administration and that there is a large tug of war among the competing interests. I have learned that the submission of an Administration bill has been blocked in the White House itself. I am convinced that there are some conscientious people within the Administration who want to assist in this legislative effort, but they are being submerged by more powerful interests.

On these issues—and this goes beyond the Banking Reform Act—the Administration appears to be leaderless and to be paralyzed by strongly conflicting factions.

Frankly, I would have been happy to have had the Administration's legislation before us as we worked out the details of the new draft. This would have been very helpful and it was the wish of the Committee that the Administration bill be given fair and full consideration. The only problem is that we never did receive an Administration measure.

Now that the Administration has delayed so long, I hope it does not come in with some eleventh hour effort to block or emasculate what the Committee has worked out over these many weeks and months. We ran into that very problem when the Committee had the secret foreign bank account bill before it last year. The Administration's last hour maneuverings almost wrecked that legislation and did result in an unnecessary delay in its enactment. That performance left a bad taste with the Banking and Currency Committee and I hope that the Administration does not repeat the act on the Banking Reform legislation.

As introduced, the legislation would provide control over interlocking directorates, premium give-aways on savings accounts, brokered deposits, trust accounts and conflicts of interest. It would also provide 100% Federal insurance on deposits of public monies.

Much of the financial press has directed a spotlight at the provisions dealing with the interlocking directorates. This is a problem that has plagued banking for many years and we have never given it proper legislative attention.

In 1967, the Domestic Finance Subcommittee of the Banking and Currency Committee carried out an extensive study of 48 banks located in 10 separate metropolitan areas of the nation. That study revealed 572 officer and director interlocks between these 48 banks and other financial institutions such as mutual savings banks, savings and loan associations, insurance companies and other commercial banks.

Such a situation cannot be ignored by anyone truly interested in seeing that there is competition among financial entities. I think this is the view of a majority of the Congress.

In the final analysis, it appears the Committee will divide the issue into two parts—dealing with the larger financial institutions on a broad nationwide basis and limiting the prohibitions on the smaller institutions to their immediate market area. Such an approach, in my opinion, will be a giant step forward toward increasing competition and broadening opportunity in the financial community. This will be beneficial to both the banks and the public.

For the larger banks—those with assets of more than $500 million—I think that all directors and officers should be prohibited from serving as officers or directors of any other financial institution including savings and loan associations, mutual savings banks, insurance companies and other commercial banks. Among the financial institutions with less than $500 million assets, I believe the problem can be handled by applying the prohibition to interlocking relationships within the standard metropolitan area or within a radius of 100 miles.

It appears unlikely that the Committee will deal directly with the problem of interlocking directorates between financial institutions and non-financial concerns. However, I am convinced that the Members of the Committee are deeply concerned about this area, and the absence of this provision in the final bill should not be misinterpreted.

The interlocking relationship between Penn Central and various financial institutions is a case history which haunts the nation, and I do not feel that the Congress will—or can—long ignore the serious implications of this problem for a competitive free enterprise system. I can assure you that it will be before us again in the near future.

Nothing that we heard from witnesses in this long hearings refuted the Biblical admonition that no man can serve two masters.

Time after time, the Committee was presented with the startling argument that there wasn't enough talent to properly fill all of the boards of directors around the nation. The Committee was told that by eliminating interlocking directorates, we would be forcing banks and corporations to take second-rate people on their boards. In a democratic nation of more than 200 million people, this is indeed a sad argument.

Nothing would do these industries more good than to bring in new people and new ideas from a wider segment of the population. There is plenty of talent available and I think we are on dangerous grounds when we promote the concept that only a handful of the elite have the knowledge, the ability, or the right to run the nation's financial institutions.

As we redraft the bill, I am also hopeful that we will be able to retain an effective section on conflicts of interest. Most of the prohibitions in this area go to the massive conflicts which have been allowed to grow up around mortgage loans and real estate transactions. A home is the single biggest purchase made by 99% of the population and this transaction should be totally free of even the slightest hint of a conflict of interest. The financial institutions making these long-term mortgage loans should lean over backwards to see that the consumer is protected.

And I do not feel that this protection can be provided when the institution making the loan is connected either directly or indirectly with firms providing title services, property appraisals, and legal services. The judgements involved in the title, insurance, and appraisal and other aspects of the real estate transaction should be independent. Too often, however, the homebuyer finds everyone else lined up on the other side of the table tightly interlocked and carefully protecting one another.

In its final forms, I hope that the legislation will prohibit a director, trustee, officer, or management level employee of a bank—or other financial institutions—from serving in a similar capacity with a title company, property appraisal firm, or a company providing services in connection with real estate transactions. I anticipate that the final draft would also prohibit financial institutions, and officers or directors or members of their immediate family from directly or indirectly controlling a title company, property ap-

praisal firm or a company providing services in connection with real estate transactions.

The bill would also prohibit officers and directors of a financial corporation from serving as attorneys for the customer in his loan transaction with that same institution. In short, we would be extending the well-accepted legal ethic that an attorney cannot serve both sides of a transaction.

The final bill, I feel sure, will provide the first really meaningful regulation for bank trust departments. Most importantly, it is essential that the legislation retain requirements which would provide periodic reports of trust department holdings of any securities, registered with the S.E.C., or traded on a national securities exchange. In my opinion, such reports should be filed at least quarterly.

As many of you recall, studies undertaken by the Banking and Currency Committee in 1968 revealed that many commercial banks were voting their own stock held in the trust departments. The legislation would prohibit this practice unless specifically required by the conditions of the trusts or by the beneficiary. There is also widespread sentiment on the Committee to provide safeguards against an over-concentration of trust department holdings in the stock of any single corporation. We may be able to develop support for a requirement that would prevent bank trust departments from holding more than 10 percent of any class of stock in a single corporation.

There is also general support on the Committee for prohibitions against equity participations in connection with loan transactions; and I am convinced that a majority want to see the brokered deposits outlawed. We are also trying to work out language which will deal with the question of the use of bank loans to purchase the stock of other banks. Admittedly this is a difficult area, but I think we can arrive at a solution which will provide maximum entry into the banking business and, at the same time, protect against unwise take-overs.

The compromise as drafted would require prior approval from the Federal Deposit Insurance Corporation if any person sought to acquire 10 percent or more of the stock of an insured bank. It would also provide that bank loans made for the purpose of acquisition of bank stock be for periods of five years or less and that they be made on non-preferential terms.

We also hope to arrive at a fair compromise on the question of premium give-aways. There is much sentiment for allowing financial institutions to provide small gifts for promotional purposes. It has been suggested that this be limited to gifts with a wholesale value of $5 or less. Such a provision would allow the financial institutions to continue promotional activities but would eliminate some of the wilder schemes which were beginning to crop up last year. As you may remember, we even had Cadillacs being given away in connection with savings campaigns and I think this is going much too far.

There are other points contained in the legislation but I don't want to keep you here for a line-by-line description today. But I am convinced that we will have a good bill which protects the public interest and one with which the banking industry can live and prosper. Despite the negative positions taken by the American Bankers Association, I hope that individual banks will look at the Committee's product objectively. I know that many bankers across this land recognize the problems with which the bill deals and it would be a great thing if the banking industry could support reasonable regulation in the public interest.

As I have told many groups, commercial banks have tremendous opportunity to do good—or to do harm—to the people they touch.

Bank privileges are widespread. For example, the Congress has seen fit to allow the banks to maintain exclusive rights to checking accounts—demand deposits—without paying a dime of interest on these funds. Today, these demand deposits aggregate about $225 billion and, month in and month out, this constitutes approximately one-half of the money on deposit in the banking system. In our society, the average citizen must maintain a checking account and this monopoly privilege is a highly lucrative benefit for the banks.

There are other privileges like "bad debt reserves", A form of outright tax subsidy. There are also the huge deposits of public funds which the Treasury Department leaves in non-interest-bearing "Tax and Loan Accounts" and the Federal Reserve System provides a number of services, including a huge subsidy in the clearance of checks.

In fact, it is obvious that some banks are "more equal" than others. Only 6,000 of the nation's 13,500 banks are members of the Federal Reserve System and have direct access to the benefits of the System. For example, the Federal Reserve's discount window is highly publicized and the general public believes that every bank in the land has access to that window. Of course, it is only the members—6,000—which are able to borrow from the discount window.

It is not my intention to embarrass anyone by citing these privileges and benefits. They are a simple fact of life. If our American banking system is operated in the public interest, then no one can object to these privileges. I do not object to tax subsidies or free checking accounts, if these powers are put to work for the good of the general public. This is the test that must be applied to any type of Federal aid to any institutions anywhere in the economy.

The future of the banking system—as we now know it—is dependent on how well this "public interest" test is met. In my opinion, the public will tolerate special privileges for banks if the basic credit needs of the nation are met on reasonable and equitable terms. But in areas where credit needs are being ignored, and where banks appear to be using their special privileges to provide favored treatment, your industry is faced with major problems.

It takes no great expert to look around the country and spot a mass of neglected projects badly in need of credit. These ranges everywhere from housing . . . to rural and urban development . . . to the needs of our local governments . . . to the problems of our farmers . . . to pollution control . . . to education. . . . It would be unfair to lay all of this neglect at the doorstep of banking institutions. Obviously, the commercial banks cannot be expected to meet all of these needs. But with this backlog—and with increasing public awareness—the American people are asking pointed questions about the role of the banks.

The years immediately ahead are going to be a real test and an opportunity for the entire financial industry. The credit needs of this nation have skyrocketed in a manner that few of us envisioned only a few short years ago.

To meet these needs, we are going to have to have the very best efforts of commercial banks, savings and loan institutions, mutual savings banks, credit unions and insurance companies. It is up to the Federal Government to work with the financial industry and to provide the kind of regulation which will stimulate this industry and at the same time protect the public.

It is obvious that there is plenty of room for all of these different types of financial institutions. All are needed if the nation is to meet its great potential. I think it is time for all of these segments of the financial industry to adopt a "live and let live" attitude and to get on with meeting the credit needs of the American people.

The banking industry has a tremendous potential—an almost unlimited opportunity. I sincerely hope that you are able—and willing—to meet this great potential to help America move forward.

ROBERT F. KENNEDY

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

Mr. RYAN. Mr. Speaker, America is a frightened nation. She is afraid of her children, of her poor people, of her black citizens, when what should frighten her is poverty and prejudice and an ever-widening gap between the ideal America and the real America. In these chaotic times in this divided Nation we are in urgent need of leaders who can guide us toward the future we all desire—leaders with idealism and vision, with tolerance and compassion, with commitment to conscience and political courage, and with the ability to command the respect of young and old, rich and poor, black and white. There was such a man, but Robert F. Kennedy was killed 3 years ago.

Robert Francis Kennedy was challenged by his times.

He saw that in this land of affluence millions of Americans live in poverty—without a voice and without much hope, their lives marked by squalor, by hunger, by disease.

He saw that in this land of promised equality millions of Americans are denied a full life—for their skins are not white.

He saw that in this land of natural beauty a wasteland is being created. Physical decay and human despair pervade our cities. The air is fouled; our lakes and rivers polluted; our forests ravaged.

Robert Kennedy saw that America was not what she had hoped to be. But he believed in his country. He believed in her people, and that their instincts wanted America to fulfill the ideals in which she professed belief. He believed that it was possible to correct injustice through the political process.

Robert Kennedy understood that, if we are to meet the drastic problems which our country faces, it will take more than wornout slogans and yesterday's promises. It will take a new commitment, founded on conscience and not labels, a commitment to meet the needs of all Americans through constructive alternatives. And he understood the necessity to bridge the gaps—of age, of race, of persepective—that have so divided our Nation.

And his belief in our country and its ability to heal its wounds, its people, its system of government, inspired millions of other Americans. Robert Francis Kennedy became the symbol of life for the all-but forgotten in our society. He became their voice and their hope.

He said:

The responsibility of our time is nothing less than to lead a revolution—a revolution which will be peaceful if we are wise enough; human if we care enough; successful if we are fortunate enough—but a revolution which will come whether we will it or not. We can affect its character; we cannot alter its inevitability.

When Robert Kennedy died, many of us pledged ourselves to fulfill the goals which he espoused, to carry on his revolution. In his memory, we rededicated ourselves to the fight against poverty and prejudice. We vowed to find a way to insure the health and security of all Americans. Today, 3 years after his death, we must painfully realize that we have not come as far as we must.

America's poor have not been able to escape poverty, countless Americans are still held back by the manacles of prejudice. Despair replaces hope. And time is running out.

Many of those who loved Robert Kennedy, who knew what he meant to, and for, this country, can see how long a road lies ahead. They know that too little progress has been made. To them, the system moves as slowly as a tractor on a narrow country lane. And like the driver of the following car, eager to get on to better things, many of them become impatient with the system, and all too often decide to pass it by.

Indeed, the frustration has increased. For many so little seems accomplished; so much still lies ahead after so many have been given to the struggle. Many have given up in despair. Certainly, this is understandable. Certainly, it often seems senseless to go on—but just as certainly there is no alternative. If it seems an eternity since the fight began, it will seem several eternities before it ends. There will be no greater task than maintaining the belief that it is worthwhile.

We need leaders today with the gifts of Robert Kennedy, who inspire us in the hope that our political process can be responsive.

Robert Kennedy once said:

> Few men are willing to brave the disapproval of their fellows, the censure of their colleagues, the wrath of their society. Moral courage is a rarer commodity than bravery in battle or great intelligence. Yet it is the one essential, vital quality for those who seek to change a world which yields most painfully to change . . .

Robert Kennedy certainly suffered disapproval, censure, and ultimate wrath for his efforts to make this a better world. We need leaders today with his courage and vision if we are to triumph over the inequities he fought to overcome.

If, as Robert Kennedy said, progress in this country comes only with pain, then it is imperative that from the pain of losing this man we should dedicate ourselves to his fight—to eliminate poverty, prejudice, hatred, and division. To make this the America that it can—and must—be.

It has been a long 3 years since Robert Kennedy was assassinated in Los Angeles. Those of us fortunate enough to have been his friends, as well as millions everywhere who loved him, and for whose well being he so cared, remember him with painful sadness. We find it very difficult not to think of what might have been.

As Cesar Chavez has said:

> When we are really honest with ourselves, we must admit that our lives are all that really belong to us. So it is how we use our lives that determines what kind of men we are. It is my deepest belief that only by giving our lives do we find life.
>
> I am convinced that the truest act of courage, the strongest act of manliness, is to sacrifice ourselves for others in a totally nonviolent struggle for justice. To be a man is to suffer for others. God help us to be men.

Robert Francis Kennedy was such a man.

CHILDHOOD LEAD POISONING—THE DEMAND FOR FUNDS

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

Mr. RYAN. Mr. Speaker, childhood lead poisoning is a preventable disease. Virtually every expert agrees that this is the case. To destroy its grip on the 400,000 children of the Nation who are now its victims, and on the hundreds of thousands of more children who will fall victim to it, screening, diagnostic, treatment, and eradication programs are essential.

Such programs are authorized by the Lead-Based Paint Poisoning Prevention Act, Public Law 91-695. The administration, which resisted any funding for fiscal year 1971 for this act, is now proposing an appropriation of $2 million.

This meager amount is totally unacceptable.

Currently, 38 preliminary requests are lodged in the files of the Department of Health, Education, and Welfare, awaiting action. Most of them do not specify the amounts requested for their local programs. But the one-third of the requests that do specify amounts total more than $7.5 million—almost four times the amount which the Department of Health, Education, and Welfare contends is sufficient.

The requests from State and local communities for financial assistance in conducting community childhood lead poisoning control programs include the following:

Cincinnati, Ohio	$1,000,000
Denver, Colo.	120,000
Kansas City, Mo.	200,000
Massachusetts (State)	186,000
New Orleans, La.	709,317
New York, N.Y.	1,600,000
Newark, N.J.	300,000
Omaha, Neb.	50,000
Philadelphia, Pa.	3,600,000
St. Louis, Mo.	290,000
Total	7,515,317

AMOUNT NOT SPECIFIED

Baltimore, Md.; Bangor, Maine; Boston, Mass.; Buffalo, N.Y.; Chicago, Ill.; State of Delaware; Evanston, Ill., State of Maryland; Milwaukee, Wis.; Mobile, Ala.; Nashville, Tenn.; New Haven, Conn.; State of New York; Pittsburgh, Pa.; Providence, R.I.; Rochester, N.Y.; Saginaw, Mich.; San Antonio, Tex.; San Francisco, Calif.; Toledo, Ohio; Washington, D.C.

ROGERS LAUDS ANTIAMPHETAMINE MOVE

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

Mr. ROGERS. Mr. Speaker, I was very pleased to read of a step voluntarily taken by more than half of the physicians and pharmacists in Huntington, Long Island.

They have, according to an article in Sunday's New York Times, pledged a total embargo on prescriptions of amphetamines in all but two diseases—narcolepsy and hyperkinesis. Both of these diseases require the use of amphetamines.

For many years now there has been a growing dependence on amphatamines by people who thought of them only as medicine, while the young drug culture were using the same type of pills to get high for strictly nonmedical purposes.

Last year the evidence of the widespread use of amphetamines was so alarming that I asked the Food and Drug Administration to look into the matter and require proof of the effectiveness of amphetamines in treating obesity. More than half of the pills containing amphetamines which are manufactured find their way into the illegal market. That represents between 2 and 4 billion.

The amount of these pills which are prescribed for the two recognized uses—narcolepsy and hyperkinesis—are relatively small. The rest are used for the treatment of obesity and unfortunately, instead of being used only for short periods of time, as they were intended, are used for long periods of time.

Industry proof as to the effectiveness of amphetamines for treating obesity as required by FDA will be finalized shortly and I feel this will prove they should not be used as a crutch for weight while at the same time providing legal "highs" for citizens.

I commend those physicians and pharmacists in Long Island for taking this step and wish that others of their profession around the Nation would follow this lead.

CEASE-FIRE AND SPEEDY WITHDRAWAL IS ONLY REAL ANSWER TO VIETNAM

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

Mr. DOW. Mr. Speaker, it is obvious to most Members of Congress that the Vietnam war must be brought to a halt. The only question to be answered is how and when.

As one of the earliest Members of this body to oppose the U.S. involvement in Vietnam, I have continued to be active in the efforts to stop the war and to stop it now.

It is utterly clear to me and many of my colleagues that the solution in Vietnam will finally be one that is provided by the Vietnamese people themselves. The United States is incapable of providing a solution. Our continued military actions can only extend the suffering which the Vietnamese people endure and the tragic deaths of our own young men.

As I have said the time to end the war is now. To accomplish this goal, I am introducing legislation today with nine cosponsors to require a cease-fire within

48 hours of enactment of the legislation and withdrawal of all U.S. military combat and support forces from Cambodia, Laos, Thailand, and Vietnam.

I should like to make it especially clear why a cease-fire must precede withdrawal. When a cease-fire becomes actual, it should involve South Vietnamese forces, as well as our own. The plain people of Vietnam want it above everything. Their universal desire for a cease-fire will serve to keep it, once the United States has opted for a cease-fire.

However, and this is feared by knowledgeable Vietnam in the middle ground, a U.S. withdrawal not preceded by a cease-fire, might leave the South Vietnamese and their opponents in a hostile posture for continuing the war. There is a danger that vicious leaders on both sides might inflame the armies to heighten the combat under goad of purely Vietnamese feuds. If the American prod, which has little inspiration for the South Vietnamese, were to go, an entirely new confrontation could well develop between the two sides in Vietnam with hideous consequences.

Therefore, a cease-fire must be sought as a prelude to American withdrawal, so that its benign effect will have settled into South Vietnamese society and created an atmosphere amongst the people that they would not permit the militarists to shatter.

Following a cease-fire, my legislation requires U.S. Armed Forces to evacuate with all possible speed their arms and military support equipment from these four Southeast Asian countries. Troops could repel direct attacks at the scene of such an attack but only for the purpose of self-protection. It also provides for asylum of 25,000 South Vietnam leaders and their families whose lives might be placed in jeopardy by a U.S. withdrawal.

Joining me in the introduction of this bill are BELLA S. ABZUG of New York, RONALD V. DELLUMS of California, BOB ECKHARDT of Texas, MICHAEL HARRINGTON of Massachusetts, KEN HECHLER of West Virgina, HENRY HELSTOSKI of New Jersey, ABNER J. MIKVA of Illinois, BENJAMIN S. ROSENTHAL of New York, and WILLIAM F. RYAN of New York.

Mr. Speaker, I include the text of this legislation at this point:

H.R. 8955

A bill to end combat in Vietnam

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited hereafter as the "Act To End Combat in Vietnam".

SEC. 2. (a) Congress finds and declares that forty-eight hours after the enactment of this legislation, all United States Armed Forces shall cease all military combat and military support missions in the States of Cambodia, Laos, Vietnam, and Thailand, subject only to the qualification that United States Armed Forces may, in order to repel attacks made upon them, use such force as may be necessary at the scene of any attacks, but for the purpose of self-protection only.

(b) Such United States Armed Forces shall, with all possible speed, evacuate their arms and military support equipment from outposts, and encampments in the aforesaid states. Such United States Armed Forces shall, with all possible speed, proceed with their arms and equipment to appropriate points of debarkation, and from there they shall, together with their arms and equipment, be transported to stations and posts under the command of the United States in places other than the aforesaid States of Cambodia, Laos, Vietnam, and Thailand.

(c) Commencing on the effective date of this Act all United States equipment with a military purpose not heretofore turned over to the South Vietnamese or other allied forces shall be removed from Southeast Asia and transported to stations and posts under the command of the United States.

(d) A report by the Defense Department of all military equipment disposition under control of the United States Armed Forces upon the enactment of this Act will be made to the Congress at the end of each month until all logistical exercises necessary to carry out the purpose of this Act have been exhausted.

SEC. 3. The Congress further authorizes the President to convey immediately to the heads of states that have been allied with the United States in Cambodia, Laos, Vietnam, and Thailand, advice of the enactment of this legislation. He is authorized to turn over to them such equipment of an economic, but not military, nature as could be helpful to them in economic and social development. The authorization shall include all permanent installations built or provided by the United States Government in the past, and located within the territory of the aforesaid States of Cambodia, Laos, Vietnam, and Thailand.

SEC. 4. The President shall provide for asylum outside the territory of the aforesaid States of Cambodia, Laos, Vietnam, and Thailand, of public leaders to the number of 25,000 persons, including members of families, dwelling in those states whose lives would, presumably, be jeopardized by a departure of United States Military Forces from the States of Cambodia, Laos, Vietnam, and Thailand, Provision of asylum for such persons within the territory of the United States is permissible notwithstanding any existing law or regulation limiting immigration to the United States.

The question of how to withdraw from Vietnam is on the minds of many people. The answer is really simple: Do it and with all possible speed.

On May 25 before the Foreign Relations Committee of the other body, Gen. David M. Shoup, former commandant of the Marine Corps, made this point very clear.

General Shoup told the committee:

Why not get a cease fire and ease our troops toward debarkation points.

When asked how long it would take to remove American troops from Vietnam "in an orderly manner," Shoup replied:

If you took 10 to 12 days for planning and positioning of transports, you could take every American body out of there in 15 days. . . . In Korea we took 105,000 troops out of there in 10 days with equipment . . . and that wasn't a very modern outfit up there compared to what you have in South Vietnam today with respect to transport.

The committee chairman, Senator FULBRIGHT, commented:

Then there is no serious logistical problem. It is just a question of decision and determination to do or not to do.

Mr. Speaker, I firmly believe that Congress must assume this leadership and make that determination.

Across the Nation frustration among the people is growing like a cancerous sore. The people are confused and concerned about national priorities which dictate expansion of senseless warfare while ignoring domestic issues.

By declaring a cease-fire and starting a high-speed withdrawal process immediately, we can bring an end to the misery facing most Vietnamese families. We can also speed the time when meaningful negotiations can get underway to free the Americans prisoners of war.

One encouraging aspect here in the House is the evident intention of the Foreign Affairs Committee to open hearings on the Vietnam question later this month.

One reason for the failure of the House to hold debates on Vietnam, which has constantly puzzled the people, is the fact that the leadership of the committee has chosen to take no action on such bills.

While such bills have been considered in the other body, they have not come to the floor of the House. As a result the only way in which House Members could vote on the war is through the money appropriation bills, which come to the floor from different channels.

I have urged my constituents to write to the chairman of the House Foreign Affairs Committee and to the chairman of the committee's Subcommittee on Asian and Pacific Affairs. Massive support for legislation should impress upon the committee the urgency for moving ahead promptly on the hearings and the need for quick action on the House floor.

Congress has a definite leadership role which has been neglected over the years. It is time for us to bring this issue to the floor. In order to end the war in Southeast Asia, which is so costly in the lives of our young people and in the destruction of the moral and economic fiber of the Nation, we need positive action.

UNINSURED MOTORIST FUND FOR THE DISTRICT OF COLUMBIA

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

Mr. GUDE. Mr. Speaker, our constituents are in very real financial danger when they walk or drive in the District of Columbia because, of the 269,156 automobiles registered here, 80,000 are not covered by liability and property damage insurance.

Each person who drives one of these 80,000 cars presents a potential danger of grave financial loss to all other District residents—and to all visitors as well.

In a recent year, a study showed 16,443 accidents here were the fault of drivers of uninsured cars. Nearly 7,000 of these drivers could not produce adequate security to cover the injury or damage they had caused. Thus, thousands of victims may have faced substantial costs with little expectation of any recovery from the drivers who injured them or their property.

The bill I am introducing today would require any uninsured motorist to pay a special fee in order to get his vehicle

registered. These fees would support an unsatisfied judgment fund which would not relieve the uninsured motorist of any liability but—if he could not satisfy claims against him—would provide help for the victim.

This fund would be reciprocal with those States that provide similar aid to District of Columbia victims in their States. But, even when reciprocity cannot be worked out, the fee's encouragement to motorists to insure themselves would make it less likely that the out-of-city visitor would be struck by an auto here and have no viable claim.

Maryland has such a law. A sports writer from New York was recently in an accident in Maryland—and has a claim against the Maryland fund because New York provides similar protection to Marylanders. But ironically, a much more seriously hurt motorist in another car cannot make a claim because his residence is in the District and the accident occurred just over the District line into Maryland.

My bill, modeled on the Maryland law and approved by the officials of the District of Columbia, would be of great benefit to the thousands of Maryland residents driving in the District, and vice versa. It would also help many other visitors either directly, if their States arranged reciprocity, or indirectly through the encouragement of insurance.

I hope that all my colleagues—for the protection of visitors from their States—will encourage the House District Committee to approve this bill and will accept nothing weaker.

I am pleased to be joined in the sponsorship of this legislation by Congressmen FAUNTROY, FRASER, LINK, MCKINNEY, and HENRY P. SMITH III.

I am also asking the District of Columbia corporation counsel and the Maryland attorney general to review this legislation to assure that reciprocity will follow promptly its approval by the Congress.

I submit for your study a statement by Deputy Mayor Graham Watt and other material prepared by District of Columbia officials:

STATEMENT BY DEPUTY MAYOR GRAHAM WATT

The Commissioner of the District of Columbia has determined that the existing Motor Vehicle Safety Responsibility Act approved May 25, 1954 (68 Stat. 120), as amended (D. C. Code, title 40, ch. 4), does not adequately protect residents of the District of Columbia from financial loss arising out of injury or damage resulting from accidents caused by the negligent operation of motor vehicles that are not covered by public liability and property damage insurance (hereinafter, "uninsured vehicles"). The inadequacy of the law lies in the fact that not until after an uninsured vehicle is involved in an accident resulting in personal iinjury, or in property damage in excess of $100, does the Safety Responsibility Act come into operation. When it does, the uninsured vehicle owner or the operator may be required to deposit security in an amount estimated to cover the injury or damages resulting from such accident and also to give proof of future financial responsibility. Failure to deposit such security or to give such proof results in the suspension of the permit or privilege of the owner or operator to drive a motor vehicle in the District, and the suspension of the registration of any motor vehicle owned by him if registered in the District. The application of this sanction, however, provides no recompense to the injured or damaged person. In this respect the presest law is deficient.

As will be pointed out more specifically in the attached "Statement of Purpose and Justification", a very large number of uninsured motor vehicles are operated on the streets of the District of Columbia by financially irresponsible persons. In the view of the Commissioner, there is great potential for financial loss to those residents of the District who may become involved in accidents caused by the negligent operation of motor vehicles which are not covered by liability insurance, and the owners and operators of which are judgment proof.

The bill provides for the establishment of a fund from which can be satisfied, up to specified limits, judgments against negligent, financially-irresponsible motor vehicle owners and operators. This fund would be comprised of fees required to be paid to such fund by the owners of uninsured vehicles. The bill also provides that every liability policy covering a motor vehicle registered in the District of Columbia shall include an uninsured motorist clause to protect the insurance purchaser, his family, and guests riding in his automobile from financial loss resulting from injury or damage caused by an uninsured motorist.

Since uninsured motorist insurance generally covers accidents occurring throughout the United States, this coverage would give insured persons protection for accidents occurring outside the District of Columbia. The residents of those States that adopt or that have adopted legislation fully reciprocal with the legislation proposed for the District of Columbia would also be eligible to recover from the fund to the same extent as residents of the District of Columbia, if they are not otherwise protected from financial loss.

For the reasons set forth in more detail in the attached "Statement of Purpose and Justification", the Commissioner of the District of Columbia recommends the enactment of the attached draft bill. The District of Columbia has expressed its support for this legislation.

STATEMENT OF PURPOSE AND JUSTIFICATION OF THE PROPOSED "DISTRICT OF COLUMBIA MOTOR VEHICLE UNSATISFIED JUDGMENT FUND ACT"

The proposed District of Columbia Motor Vehicle Unsatisfied Judgment Fund Act will protect a substantial portion of the residents of the District of Columbia against financial loss arising out of the operation of uninsured motor vehicles by financially irresponsible drivers, and is expected to encourage more owners of vehicles registered in the District of Columbia to procure public liability and property damage insurance for their vehicles.

The following statistics are indicative of the magnitude and importance of the problem.

The number of motor vehicles registered in the District of Columbia during the registration year ending March 31, 1970, was 269,156. The District's Department of Motor Vehicles estimates that approximately 30%, or about 80,000, of these vehicles are not covered by public liability and property damage insurance. The present Motor Vehicle Safety Responsibility Act (D.C. Code, secs. 40–417 through 40–498), enacted May 25, 1954, obviously has not served as enough of an incentive to cause more than three out of four motor vehicle owners to cover their vehicles with such insurance. Thus, each person who drives one of the estimated 80,000 uninsured vehicles creates a potential danger of financial loss to all other District of Columbia residents and visitors to the District in the event such a driver should be the cause of an accident. The danger is very real. In 1966, the Department of Motor Vehicles made a special study which indicated that 16,443 accidents were the fault of drivers of uninsured vehicles. Of these drivers, 6,806 had their licenses suspended because they could not produce adequate security to cover the injury or damage they had caused. Many of the victims of these accidents did not own automobiles and therefore could not purchase automobile liability insurance with uninsured motorist coverage, and since most, if not all, of these drivers could be considered judgment proof, there was little expectation of any recovery from them.

The present Safety Responsibility Act of the District of Columbia fails to measure up to the need for adequate protection against financial loss arising out of the operation of uninsured motor vehicles because of one very basic flaw—it does not operate to require the financially irresponsible motorist to insure his own motor vehicle until after he has caused death, injury, or damage to some other person and has failed to respond in damages or otherwise to pay compensation to the victim.

It is for this reason that the District's law is considered to be a "one bite" law, allowing the operator of an uninsured vehicle at least one opportunity to cause uncompensated injury or damage to another person who is not at fault. In fact, there may be more than one such opportunity, since it is estimated that in approximately 2,000 cases per year persons whose permits and tags have been suspended for failure to deposit security or satisfy judgment rendered against them in cases arising out of automobile accidents involving uninsured vehicles are found to have become involved in a second or subsequent accident.

In many cases, therefore, the District's "one bite" law becomes a "two bite" law, or, conceivably, a "several bites" law. And this unfortunate situation is likely to obtain in any case in which the owner of an uninsured motor vehicle is indifferent to having his permit and tags suspended and is willing to take a chance on being prosecuted for operating after suspension. Since over one-fourth of the owners of motor vehicles in the District have not been convinced that they should cover their vehicles with public liability and property damage insurance, a fundamentally new legislative approach to the District's problem is required.

The attached bill launches a three pronged attack against the financially irresponsible motorist. These are: (1) a required uninsured motorist clause in liability policies, (2) the establishment of an unsatisfied judgment fund, and (3) a fee to be paid to such fund by each uninsured motorist. Each of these requirements is discussed in greater detail below.

I. REQUIRED UNINSURED MOTORIST CLAUSE

Every liability policy covering a motor vehicle registered in the District of Columbia would be required to contain an uninsured motorist coverage endorsement to protect the insurance purchaser, his family, and guests riding in his automobile against financial loss resulting from injury or damage caused by an uninsured motorist. The cost of this coverage can be expected to remain at a figure below ten dollars. In this manner, many automobile accident victims may be fully or partially protected from financial loss resulting from personal injury or death caused by a financially irresponsible motorist. This does not relieve the uninsured motorist of liability for such loss—he may still be required to respond in damages, and he still must expect to lose his license and

registration if he fails to deposit adequate security after the accident or satisfy a judgment against him.

The required uninsured motorist coverage endorsement serves another vital function—it protects the solvency of the unsatisfied judgment fund. Only those persons who have no other source of recovery will be paid from the fund. Thus, all District motorists whose liability policies contain uninsured motorist clauses, together with the members of their families and guests riding in their automobiles, will not have access to the fund, since they are protected by the uninsured motorist coverage endorsement against financial loss caused by the financially-irresponsible motorist. Uninsured motorists also would be disqualified from having access to the fund.

The proposed legislation does not, however, compel the owners of motor vehicles to insure them. Any person who believes that he has adequate financial resources or who believes himself to be a careful driver would not be forced to buy insurance or to strop driving, as would be the case if insurance coverage were made compulsory—an approach to the problem which the District Government, because of the experience in the compulsory insurance States, considers undesirable.

II. UNINSURED MOTORIST FEE

The financially irresponsible motorist creates a potential financial risk to all persons on the streets and highways of the District of Columbia. It is, therefore, entirely appropriate that these motorists should bear the responsibility for mitigating the results of that risk. Thus, those who fail to secure liability insurance coverage for their vehicles would be required by the bill to pay a $40 fee into an unsatisfied judgment fund to be available to compensate the victims of such motorists. All the expenses of administering the fund are to be paid from it. No taxpayer, no insurance company, and no insured motorist would be required to support the fund. Further, the bill provides that no appropriations from the general fund of the Treasury are to be used for its maintenance.

The required fee can in no way be considered as constituting payment for public liability insurance. It offers no protection to the uninsured motorist. Since the fee is substantial, it is expected that it will encourage many drivers to purchase insurance. For two or three times the amount of the fee the motor vehicle owner can insure himself against liability and at the same time obtain protection against uninsured motorists. This yearly reminder may be a more potent incentive to purchase insurance than the distant prospect of losing driving privileges in the event of an accident, as provided by the present Safety Responsibility Act.

III. UNSATISFIED JUDGMENT FUND

The bill provides for the establishment of a fund from which can be satisfied, up to specified limits, legally enforceable claims against negligent, financially irresponsible motor vehicle owners and operators. The primary purpose of the fund is to provide a source of recovery for those who have incurred certain losses arising out of motor vehicle accidents when the party who incurs the loss has not been able to collect damages from the party or parties who are legally liable, or from any insurer. In addition to serving this primary purpose, the existence of the fund is intended to provide an incentive for the victim to institute action against the negligent and financially irresponsible motorist who might otherwise go unreported. The additional fact that voluntary insurance is encouraged by the unsatisfied judgment fund concept has already been mentioned.

The solvency of the fund is of vital importance to the success of the plan embodied in the bill and therefore the provisions governing the revenue of the fund, and limiting the availability of the fund for the payment of claims or judgments, will be reviewed briefly.

The initial fee of $40 to be paid for the first registration year by every person who registers an uninsured motor vehicle in the District of Columbia has been arbitrarily set at an amount which it is believed will produce an adequate fund, and yet not so high as to make it desirable for the uninsured motorist to engage in such a subterfuge as taking out insurance to avoid payment of the fee and then cancelling such insurance as soon as the insured vehicle is registered. It is further provided that, prior to each registration year, beginning with the second registration year in which such fee is required to be paid, the Commissioner shall estimate the probable amount which, during such registration year, will be needed in the fund to make all expenditures expected to be required by the Act, and if, in the opinion of the Commissioner, the estimated balance of the fund at the beginning of such registration year will be insufficient to meet the needs of the fund during any such year, he shall determine on an actuarial basis the fee to be paid by the one who registers an uninsured motor vehicle.

As indicated above, the fund would serve as a source of recovery only for those who have incurred certain losses arising out of motor vehicle accidents, and who have not been able to collect the damages to which they are legally entitled from the party or parties who are legally liable, or from any insurer.

The maximum amount payable from the fund is determined by the coverage limits required by section 19 of the Safety Responsibility Act (D.C. Code, sec. 40–435). The current limits are $10,000 because of bodily injury to or death of one person in any one accident, and, subject to such limit for one person, $20,000 for bodily injury to or death of two or more persons in any one accident.

To further assure the solvency of the fund, the bill provides that there will be no recovery from the fund for property damages. It is not the ripped fender or smashed fence for which the fund is established; rather it is the wage earning father in the hospital for ten weeks, or the crippled mother unable to care for her family.

It should be emphasized that before there can be any recovery from the fund, the victim must have proven that the uninsured motorist was negligent and the victim must also prove that he has fully pursued and exhausted all remedies available to him for the recovery of the amounts due him.

The solvency of the fund is further insured by the fact that no car owners can draw from the fund; they are protected by uninsured motorist coverage or they are disqualified because they chose not to purchase any insurance. Most victims of the negligence of uninsured motorists will be protected by the requirement that all liability insurance policies on motor vehicles registered in the District must have an uninsured motorist endorsement.

IV. CONCLUSION

One of the most important aspects of the bill from the standpoint of general public acceptance is the fact that its terms impose the greatest burden upon the uninsured motorist. The latter, however, receives no benefit from the bill other than the bare privilege of operating an uninsured motor vehicle on the streets of the District. In point of fact, the bill, either directly or indirectly, imposes a number of burdens on the uninsured motorist. First, the existence of the fund to which he contributes makes it advantageous to an injured or damaged person to file a civil action against an otherwise judgment-proof motorist, since there is established some assurance that such person will be made financially whole, even though the motorist has no assets which can be reached. It would be necessary, of course, for the uninsured motorist in any such action to defray his own expenses in connection with the defense thereof, and himself respond in damages should judgment be rendered against him. An owner of an uninsured motor vehicle suffering injury or damage in an accident involving another uninsured motor vehicle, would, under the bill, be precluded from claiming against the fund, even though he should be without fault in the matter. As already indicated, the Commissioner of the District of Columbia strongly believes that this facet of the matter is proposed to be handled as it should be—the problem is one created by the uninsured motorist and there is no point in allowing one who creates a problem to benefit from the solution provided to overcome it.

VA DRUG PROPOSALS TOTALLY INADEQUATE

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

Mr. MONAGAN. Mr. Speaker, last week I reintroduced H.R. 8216, the Armed Forces Drug Abuse Control Act of 1971, with 46 cosponsors representing both parties.

Today, in the National Observer, is an article which describes in vivid terms the critical nature of the heroin addiction problem among American servicemen in Vietnam. The stories of addicts described therein and the facts which Mr. Peterson has amassed regarding the treatment facilities currently available to these addicts underline the need for immediate attention to the seemingly uncontrollable problem of military drug abuse.

It is unfortunate that the 6,000 beds which Mr. Peterson mentions as being available for treatment of addicts at VA hospitals do not exist. According to Dr. Marc Musser, Chief Medical Director of the Veterans' Administration, Department of Medicine and Surgery, the VA hopes to be able to treat a total of 6,000 drug addicts within the next 2 years. But not all of these will be rehabilitated as "inpatients." As a matter of fact, most VA installations only allot 10 to 15 beds for drug addicts. The situation is much more alarming than Mr. Peterson has allowed, but his misunderstanding of the facts points out an even greater need than this article indicates for change in the present system.

My bill, H.R. 8216, places the responsibility for treatment and rehabilitation of military drug addicts in the Armed Forces, where most of these men became drug addicts, and where responsibility logically belongs. Civilian facilities, presently in demand for civilian use, should not be burdened with military cases. I urge prompt attention to my suggestion for dealing with the military drug problem. Let us have no more junkies come marching home.

I wish to introduce Mr. Patterson's excellent and thought-provoking article into the CONGRESSIONAL RECORD at this time:

JUNKIE COMES MARCHING HOME

(By John Peterson, from Travis Air Force Base, Calif.)

Within 30 minutes, three huge jetliners settled onto this airfield, about 50 miles east of San Francisco. Nearly all of each jet's 165 passengers were only 15 hours out of the Vietnam War.

Sgt. Michael Green, an Air Force medic at the terminal, watched the men move into the U.S. Customs Bureau checkpoint. "It's a rough, long flight for many of them, particularly since Customs checked them as they left. The flight tears them up. Their pupils get large, their noses run, they get nervous and agitated, and some even suffer severe stomach cramps."

Those are the symptoms of withdrawal from heroin. They hit the addicted soldier after 12 or 13 hours in the air. Says Kathy Nohr, a stewardess for Airlift International and a veteran of the Saigon run: "They'll come to the back of the plane during the flight—sweaty, jumpy, sick. I try to calm them down. They always say they're just nervous in the air, but I've seen guys on heroin withdrawal a thousand times. We've even had to strap them into their seats."

An hour after the planes land here the first busloads of men depart on the hour-long drive to the Oakland Army base where most of the soldiers are processed for separation from the service. The fitting for a new uniform, if needed, the physical examination, the paper work, the paycheck—it all takes from 3 to 20 hours. Quickly the soldiers are civilians back on the streets—often less than 24 hours from the war zone.

LIVING WITHOUT PLEASURES

The heroin addict is on the streets too. He has his $5-a-day-Vietnam habit that will suddenly cost him from $100 to $150 here. What happens to him next?

Some will die from overdoses or needle infections. Others will turn to crime to support their habit, eventually going to penal institutions. The most fortunate will finally decide, probably during the agonies of "cold turkey" withdrawal, that he'll "clean himself up." It isn't easy. In fact, it's a 6-to-18 month process in a self-help clinic. Sometimes even that effort won't kill his habit.

The key to his survival is the strength of his will power. His motivation to learn to live without the "pleasures"—and to the addict it is that—of heroin. Army doctors believe most of the men who got the habit in Vietnam won't even consider cleaning up until they've been home for six months or a year.

How many veterans are involved? Each month the Army is separating about 15,000 Vietnam veterans from active duty, and its surveys indicate that about 2,400 of them currently use heroin and that another 1,350 had used it regularly during their tour in Vietnam but somehow cleaned themselves. Heroin use among U.S. servicemen in Vietnam is an exploding phenomenon just one year old. The best guess today is that 60,000 of 255,000 men there now smoke or sniff it; a lesser number inject it.

But addiction isn't only a problem in Vietnam. The Army says 10 per cent of its soldiers on the way to Vietnam have used heroin before. "The problem is pandemic and increasing rapidly," says a psychiatrist in the office of the Army's surgeon general.

President Nixon, in his press conference last week, agreed. "It is not simply a problem of Vietnam veterans," he said. "It's a national problem. It's a national problem that primarily focuses on young people." He called for a four-pronged national offensive that would hit at heroin sources abroad, prosecute pushers at home, treat addicts, and initiate a wide information program of preventive education.

This is not, however, a problem for Mr. Nixon's or the Army's social engineers alone. Heroin addiction—and more precisely, the will to whip that addiction—is an extremely personal matter. The veterans in Vietnam, for various reasons, turn to heroin and other drugs. Authorities agree that to motivate these men now to forego heroin will take much more than directives, schemes, plans, and national offensives.

It will mean undoubtedly years of painful efforts at cajoling, persuading, helping, even shaming these men into a new sense of self pride and direction. Perhaps only self-help free clinics can succeed; the Veterans Administration (VA) seemingly has more chance than the Army. There is the real possibility that these heroin addicts may persist—tens of thousands of lost, wasted young men. The picture is that grim.

TIMELY PRONOUNCEMENT

So Mr. Nixon's pronouncement was timely because the nation had been angered and staggered in recent weeks by reports of heroin's easy availability and wide use in Vietnam. Too, the problem now is coming home, growing as the war winds down and the soldiers leave Vietnam. The result has been a congressional furor—two subcommittee investigations will get under way this month—and rapid action by the Nixon Administration.

Abroad, both the South Vietnamese and Cambodian governments have been persuaded to renew efforts to slow the traffic. At home the usually sluggish bureaucracy is turning responsive. The VA is speeding the opening of addict-rehabilitation centers, and the military services are instituting new programs designed to rehabilitate rather than punish the user.

The Army, which has the biggest problem and consequently the attention of the press and public, offers addicts amnesty if they will seek treatment to beat their habits—amnesty from prosecution for possession of drugs or for derelection of duty because of drug use. The Army is also considering a program of identifying its addicts and detoxifying them before their release to civilian life. It is a program few authorities have much hope for because the method of identification is urinalysis, which does not produce definitive results.

In fact, there is little the Army can do now even after an addict is identified. Unless he is caught with drugs or narcotics in his possession or fails in the execution of his duties, the Army has no course of action other than to attempt to persuade him to accept treatment in its amnesty program. "It does little good to detoxify a man who is not highly motivated to beat his habit," says Major Eric Nelson, an Army psychiatrist at the Army's Letterman Hospital in San Francisco.

The Army is as bewildered as to what the addiction solution might be as it was at the sudden appearance of heroin in Vietnam in July 1970. At the Oakland Personnel Center, one GI awaiting a dishonorable discharge because of problems related to heroin usage, explains that he had been a heavy marijuana smoker before he went into the stockade in Vietnam just before Thanksgiving last year.

"When I got out I tried to get a joint [of marijuana] from my buddies," he recalls. "None of them had any. One friend said that everyone was going to skag, [heroin]. I tried it and it was great. And no one can tell that you're smoking it. Hell, I was smoking it [packed inside a regular cigaret] while I sat talking to my company commander, and he never could have guessed."

A CLEAR PATTERN

He and two other soldiers said most men in Vietnam didn't believe heroin is highly addictive if you only smoke or sniff it—like snuff. "But I'll tell you it is," the first soldier said, allowing that he was still experiencing the sickness of withdrawing from it. "You're dying, you know you are!"

Major Nelson, who has spent considerable time with the Vietnam addicts, says there is a clear pattern: About one-third of the users try desperately to clean themselves up the last 30 days before they return home. "Whether they stay off it depends on what they find when they get home," he says. "It doesn't look good. The girl friend is never as faithful as they had hoped, their family and friends usually don't regard them as returning heroes, there's no ticker-tape parades, and then they face a 15 per cent unemployment rate among veterans. They've used drugs or heroin once as an escape in Vietnam, will they again?"

There are conflicting reports on the source of heroin in Vietnam, who is responsible, and why, but all Army and U.S. Customs officials say with certainty is that it is produced in Southeast Asia and that it is extremely high grade, 95 to 97 per cent pure. It either comes as a coarse granular white powder—or as small, purplish-red marbles. Because of the heroin's purity and strength, the user in Vietnam gets a better kick through smoking or sniffing it than the addict in the United States who intravenously injects it into his veins. The reason is that heroin purchased on the streets in this country is usually only 4 to 5 per cent pure.

The returning addict gets little heroin past the Army inspectors in Vietnam, who have been specifically trained by Customs inspectors here or at other Air Force bases for returnees such as McChord, just south of Tacoma, Wash.

TELLTALE SIGNS

"We're digging into everything each man has," says Robert Hazelton, the chief inspector here. "In the past six months our seizures of heroin and other drugs are practically 100 per cent. If a man has a roach clip (holder to smoke marijuana down to the tip of the cigaret) or anything that looks like heroin paraphernalia, in he goes to the backroom for a physical inspection of his person." They've found it in such places as neat pockets sewn in a man's jockey shorts or, especially, talcum powder cans.

On May 3, Customs Commissioner Myles J. Ambrose directed that all military cargo and household effects returning to the United States be completely checked. Since then Customs has been attempting to get manpower from the Pentagon to help speed this immense search effort.

"So far we haven't found the man in the Defense Department who can push the button for us," says one Customs official in Washington. "We haven't checked military cargo for 50 years and we hardly know it well enough to effectively and efficiently clear it. We will have mountains of it stacked up for weeks or months."

Major Charles Carattini, the director of the Oakland Personnel Center, where about half of all Vietnam veterans are discharged—nearly 7,000 a month—says his men attempt to get servicemen suffering from withdrawal into the hospital. "When we identify one, I talk with him personally. I tell him there will be no disciplinary proceedings, but that he should accept medical help in withdrawing. They realize the problem, but all they want to do is get home. I ask them, 'Why heroin?' Almost all say because everybody else was doing it and that if he didn't he would be chicken."

AN INTOLERABLE SITUATION

Major Carattini adds that nearly all of the heroin users believe they can kick the habit whenever they choose. "Any delay of even an hour or two when they get this close to getting out and home is intolerable to them," he says. "The best we can do is to make sure they know of the facilities of the Veterans Administration."

One approach top-level officials in Washington are considering now is some procedure for Army officials, once they have identified

users, to notify VA or Public Health Service authorities in the returning addict's home community. The man then would be approached at home and again urged to rehabilitate himself.

Neither Army nor VA psychiatrists believe that the Army can hope to rehabilitate an addict before discharging him. "Certainly the Army could detoxify all identified users," says Dr. Nelson. "The heroin withdrawal process is not quite so painful as most of us were led to believe by movies like *The Man With the Golden Arm*. But merely hospitalizing or isolating a man for five to seven days to get the heroin out of his system has little to do with getting him off heroin. That takes weeks and months and each individual's personal decision to help himself."

There are really only two ways to rehabilitate the heroin addict. He must either go through a rehabilitation clinic or he can maintain himself on another addictive, though milder, drug such as methadone or one of the "blocking agents" such as cyclazocine or nalazone, which negate the effect of heroin.

The VA has established six addiction-rehabilitation centers since the first of the year and expects to have 30 operating at the end of the year. It may not be too soon. Some of these centers already have more applicants than beds. At the Menlo Park, Calif., VA hospital a self-help clinic has already been activated though its formal financing won't begin until July 1.

Dr. John Renick, the psychiatrist co-ordinating the program, says the Vietnam veterans will not be placed on methadone. "That's admitting that we can't get them clean," he says. "We only use methadone maintenance for the older addicts who have been hooked too long."

SECOND TURN AT CLINIC

Not at VA clinics operate similarly, and at some methadone maintenance is being used. But at Menlo Park, Dr. Renick explains, "we only use it during the five-day withdrawal period."

Bill Dunn, the ex-addict patient who runs the clinic, says none of the Vietnam veterans come directly to the hospital. "They've got to hit the bricks [streets], get sick a few times, spend a couple of days dying in bed," he says. "It's all motivation. If they are still only living for it, only thinking of the next fix, we don't want them."

John Morabito, a Vietnam veteran out of the service for a couple of years, is in the clinic for his second time. "I went out once and hit the smack again," he says. "You learn. I'm stronger for it now."

Another veteran, long-haired Randy Palabicki, who was in Vietnam in 1968, says the problem isn't the drug, "it's whatever put you on it. A man has to realize life isn't heroin or the bottle. I guess I was one of the few on heroin when I was in Vietnam. There wasn't much there then.

"I got to revolting against the Army—like one of those guys who blows up Coke machines or burns down bulletin boards," he adds. "When I got back home none of my friends knew of or used smack. But they watched me and dammed if about 50 of them weren't on it within a few weeks. I didn't even tell them what it was like."

The Menlo Park clinic uses a confrontation-support method much like Synanon and other group-therapy clinics. Basically the patients intensely question each other whenever one indicates he's having trouble or weakening in his resolve. It's a process of breaking down an individual's outer defenses, exposing his real needs and wants. The 20 patients at Menlo Park take the group sessions, which they call "games," seriously, realizing they provide much of the needed motivation.

A LONG PROCESS

These self-help clinics work, but the process takes months. The VA currently has about 6,000 beds to treat addicts, which is hardly sufficient to cope with the tens of thousands either recently back from, or still in, Vietnam.

"I'm confident that we will somehow serve however many men seek help," says Dr. William Van Stone, the hospital's assistant chief of psychiatric services. "What bothers me is that the VA cannot treat those veterans dishonorably discharged, which is true of so many addicts. The other problem is that we have no way of contacting the addict, or letting him know we do provide help."

Too, most addicts who got their habit in the service did so while rebelling against the military authority, and many of them view the VA as an extension of the military. These are just a few of the many severe problems plaguing authorities today as they attempt to combat the use of drugs in the first place and then to rehabilitate the addict.

The National Institutes of Health says there are about 250,000 addicts in the United States, but that figure was compiled before the huge influx of Vietnam veterans on "skag." Some Army officers privately fear as many as 100,000 addicts may come from Vietnam before U.S. involvement is over.

"This will be something we will live with for years," says Dr. Nelson, right now we are just beginning to correlate the information and statistics that we had to design programs. This isn't a problem we can simply engineer a solution for. The key, the beginning, is to somehow motivate these men to seek help."

WAGE-PRICE CONTROLS

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

Mr. MONAGAN. Mr. Speaker, in a June 4 speech to the 53d annual convention of the District of Columbia Association, Federal Reserve Board Chairman William W. Sherrill called for a system of direct wage and price controls to slow down inflation and restore economic stability. Although I do not agree on the extent of his recommendation, I believe that he points to a problem that requires immediate treatment.

Earlier in this session of Congress, I introduced H.R. 2505 to establish an Emergency Guidance Board to set and administer a system of voluntary price and wage guidelines for certain concentrated industries and large labor organizations, and I am hopeful that Congress will take action on my proposal. My proposal has 22 cosponsors from both sides of the aisle.

I am including a copy of a June 5, 1971, Washington Post article concerning Mr. Sherrill's endorsement of price-wage controls for the benefit of my colleagues:

FED'S SHERRILL URGES WAGE-PRICE CONTROLS

WHITE SULPHUR SPRINGS, W.VA., June 4.—Federal Reserve Board Governor William W. Sherrill today issued a strong plea for direct federal wage and price controls to guarantee a more rapid economic recovery and prevent a new round of inflation.

Speaking here to the 53d annual convention of the D.C. Bankers Association, Sherrill said the slow pace of today's economy had forced him to change his mind in favor of some form of an "incomes policy," which Board Chairman Arthur F. Burns endorsed last year.

Because he gave many speeches against wage and price controls previously, Sherrill said, he knows all the arguments against such a drastic measure—including inefficiency and difficulty of attaining cooperation from all segments of the population.

"But we must do whatever is necessary to keep inflation under control," Sherrill said, because another round of rising prices and wages—on top of current money market pressures—would get completely out of hand and be impossible to stop.

Economic cycles feed on themselves, Sherrill said, and another bout of rising costs would be even sharper than the inflation experienced as a result of Vietnam war spending.

Traditional monetary methods of suppressing inflation aren't working fast enough today, Sherrill said, because the labor market is not free as in earlier cycles and still demands higher wages despite rising unemployment.

He also noted that the original pressures for higher wages came from unorganized labor markets — particularly professional fields that benefited from the wartime inflation, and that organized labor is now trying to catch up.

Without a change in policy now, Sherrill said, the economy remains too precarious and could suddenly head down on any new development. Such a state is unhealthy, Sherrill said, because the U.S. cannot afford another decline in real output. A sampling of audience reaction after Sherrill's speech revealed widespread support for mandatory controls.

Sherrill declined to outline a specific plan for controls, saying that is the job of the Nixon Administration. "I don't want people to argue about a particular plan," he said, but rather to agree on the principle of controls.

Addressing the same convention Thursday, economist Arthur M. Okun also called for wage-price guidelines, while in New York, Chicago University economist Milton Friedman said he feared Fed policies would bring about a new rise in inflation that could precipitate wage and price controls, which Friedman opposes. The Chicago professor said the Fed should sharply curtail the rate of growth in the money supply from a 10 percent annual rate to a 2 percent rate, but expressed doubt such a policy would be followed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GALLAGHER (at the request of Mr. MILLER of California), for Monday, June 7, on account of official business.

Mr. FLYNT (at the request of Mr. DAVIS of Georgia), for Monday, June 7, 1971, on account of official business.

Mr. KLUCZYNSKI (at the request of Mr. BOGGS), for the week of June 7, 1971, on account of official business.

Mr. PRICE of Texas (at the request of Mr. GERALD R. FORD), for June 4 and 7, on account of official business.

Mr. KEE (at the request of Mr. O'NEILL), for Monday, June 7, Tuesday, June 8, Wednesday, June 9, on account of committee official business.

Mr. DENT (at the request of Mr. O'NEILL), for Monday, June 7 and the balance of the week, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN for 30 minutes, today, to revise and extend his remarks and include extraneous material.

Mr. EDMONDSON, for tomorrow, June 8, 1971, to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. THONE) and to revise and extend their remarks and include extraneous matter:)

Mr. MILLER of Ohio, for 15 minutes, on June 7, 1971.

Mr. VANDER JAGT, for 15 minutes, today.

(The following Members (at the request of Mr. DENHOLM) to revise and extend their remarks and include extraneous matter:)

Mr. ROSENTHAL, for 10 minutes, today.

Mr. ASPIN, for 10 minutes, today.

Mr. MURPHY of New York, for 5 minutes, on June 8.

Mr. REUSS, for 30 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. MILLER of California, and to include extraneous matter.

Mrs. DWYER (at the request of Mr. BROWN of Michigan), to revise and extend her remarks on H.R. 8011 today.

Mr. EDMONDSON in three instances and to include extraneous matter.

(The following Members (at the request of Mr. THONE) and to include extraneous matter:)

Mr. ARCHER in five instances.
Mr. CARTER in two instances.
Mr. DERWINSKI in two instances.
Mr. BELCHER.
Mr. PETTIS.
Mr. WHITEHURST.
Mr. STEIGER of Wisconsin.
Mr. HOSMER in two instances.
Mr. MILLER of Ohio.
Mr. SPRINGER.
Mr. CHAMBERLAIN.
Mr. WYMAN in two instances.
Mr. ZWACH.
Mr. GOLDWATER in two instances.
Mr. SCHMITZ.
Mr. BRAY in two instances.
Mr. BLACKBURN.
Mr. MCCLORY.
Mr. BROYHILL of Virginia.
Mr. TALCOTT.

(The following Members (at the request of Mr. DENHOLM) and to include extraneous matter:)

Mr. FISHER in three instances.
Mr. SIKES in three instances.
Mr. CULVER in five instances.
Mr. BARING.
Mr. MAHON in two instances.
Mr. JACOBS in two instances.
Mr. HAMILTON.
Mr. ASPIN in four instances.
Mr. WILLIAM D. FORD in three instances.
Mr. GONZALEZ in two instances.
Mr. RARICK in three instances.
Mr. CELLER.
Mr. DRINAN.
Mr. ANDERSON of California in two instances.
Mr. RYAN in three instances.
Mr. FAUNTROY in three instances.
Mr. MILLER of California in five instances.
Mr. ROONEY of New York.
Mr. GIBBONS in two instances.
Mr. SARBANES in five instances.
Mr. BLATNIK in two instances.
Mr. CABELL.
Mr. MANN in five instances.
Mr. PICKLE in four instances.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 493. An act to authorize and direct the Secretary of Agriculture to classify as a wilderness area the national forest lands adjacent to the Eagle Cap Wilderness Area, known as the Minam River Canyon and adjoining area, in Oregon, and for other purposes; to the Committee of Interior and Insular Affairs.

ADJOURNMENT

Mr. DENHOLM. Mr Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 8, 1971, 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:

805. A communication from the Under Secretary of Agriculture transmitting a draft of proposed legislation to amend the Consolidated Farmers Home Administration Act of 1961 with respect to fees and charges; to the Committee on Agriculture.

806. A communication from the Acting Secretary of Transportation transmitting a draft of proposed legislation to amend sections 101 and 902 of the Federal Aviation Act of 1958, as amended, to implement the Convention for the Suppression of Unlawful Seizure of Aircraft, and for other purposes; to the Committee on Interstate and Foreign Commerce.

807. A communication from the President, National Safety Council, transmitting the report of the audit of the Council for the year 1970, pursuant to section 15 of Public Law 252, 83d Congress; to the Committee on the Judiciary.

808. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated March 6, 1967, submitting a report, together with accompanying papers and an illustration, on Tacoma Harbor, Wash., requested by a resolution of the Committee on Public Works, House of Representatives, adopted July 31, 1957. No additional authorization is recommended as the desired improvement can be accomplished under the authorized project for debris removal from Puget Sound and tributaries, Washington; to the Committee on Public Works.

809. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated April 2, 1971, submitting a report, together with accompanying papers and an illustration, on Pearl River and tributaries in the vicinity of Bogalusa, La., requested by a resolution of the Committee on Public Works, House of Representatives, adopted June 19, 1963; to the Committee on Public Works.

810. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated April 5, 1971, submitting a report, together with accompanying papers, on Indian Creek, Ind., authorized by section II of the Flood Control Act approved December 22, 1944. No authorization by Congress is recommended as the desired improvements have been completed under authority of section 205 of the Flood Control Act approved June 30, 1948, as amended; to the Committee on Public Works.

811. A letter from the Secretary of the Army transmitting a letter from the Chief of Engineers, Department of the Army, dated April 14, 1971, submitting a report, together with accompanying papers and an illustration, on Tampa Harbor, Fla. (fresh-water lake), authorized by the River and Harbor Act approved July 3, 1958; to the Committee on Public Works.

812. A communication from the Deputy General Manager, U.S. Atomic Energy Commission, transmitting a list of the nonprofit educational institutions and other nonprofit organizations in which title to equipment was vested by the Commission during calendar year 1970, pursuant to section 3 of Public Law 85–934; to the Committee on Science and Astronautics.

814. A communication from the Commissioner of the District of Columbia transmitting a draft of proposed legislation relating to crime and law enforcement in the District of Columbia; to the Committee on the District of Columbia.

815. A communication from the Chairman, Federal Trade Commission, transmitting the statistical supplement to the Commission's report on cigarette labeling and advertising which was submitted pursuant to the Public Health Cigarette Smoking Act; to the Committee on Interstate and Foreign Commerce.

816. A communication from the Administrator of Veterans Affairs transmitting a draft of proposed legislation to amend chapter 19 of title 38 of the United States Code, to extend coverage under servicemen's group life insurance to cadets and midshipmen at the service academies of the Armed Forces; to the Committee on Veterans' Affairs.

817. A communication from the Administrator of Veterans' Affairs transmitting a draft of proposed legislation to define the terms, widow, widower, child and parent, for servicemen's group life insurance purposes; to the Committee on Veterans' Affairs.

813. A Communication from the Comptroller General of the United States transmitting a list of reports prepared by the General Accounting Office during May, 1971, pursuant to section 234 of Public Law 91–510; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Submitted June 5, 1971]

Mr. POAGE: Committee on Agriculture. H.R. 8866. A bill to amend and extend the

provisions of the Sugar Act of 1948, as amended, and for other purposes; without amendment (Rept. No. 92–245). Referred to the Committee on the Whole House on the State of the Union.

[*Submitted June 7, 1971*]

Mr. YOUNG of Texas: Committee on Rules. H. Res. 465. A resolution providing for the consideration of H.R. 8293 a bill to continue until the close of September 30, 1973, the International Coffee Agreement Act of 1968; (Report No. 92–246).

Mr. O'NEILL: Committee on Rules. H. Res. 466. A resolution previding for the consideration of H.R. 8311 a bill to amend the Renegotiation Act of 1951 to extend the Act for 2 years to modify the interest rate on excessive profits and on refunds, and to provide that the Court of Claims shall have jurisdiction of renegotiation cases; (Report No. 92–247). Referred to the House Calendar.

Mr. MATSUNAGA: Committee on Rules. H. Res. 467. A resolution providing for the consideration of House Joint Resolution 617 to authorize an ex gratia contribution to certain inhabitants of the Trust Territory of the Pacific Islands who suffered damages arising out of the hostilities of the Second World War, to provide for the payment of noncombat claims occurring prior to July 1, 1951, and to establish a Micronesian Claims Commission; (Report No. 92–248). Referred to the House Calendar.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 7736. A bill to amend the Public Health Service Act to extend for one year the student loan and scholarship provisions of titles VII and VIII of such Act; without amendment (Report No. 92–249). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of Rule XXII, bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. CELLER:

H.R. 8953. A bill to require the establishment, on the basis of the 18th and subsequent decennial censuses, of congressional districts composed of contiguous and compact territory for the election of Representatives, and for other purposes; to the Committee on the Judiciary.

H.R. 8954. A bill to amend the definition of "major disaster" in certain Federal laws to include riots and other civil disorders; to the Committee on Public Works.

By Mr. DOW (for himself, Mrs. ABZUG, Mr. DELLUMS, Mr. ECKHARDT, Mr. HARRINGTON, Mr. HECHLER of West Virginia, Mr. HELSTOSKI, Mr. MIKVA, Mr. ROSENTHAL and Mr. RYAN):

H.R. 8955. A bill to end combat in Vietnam; to the Committee on Foreign Affairs.

By Mr. FISHER:

H.R. 8956. A bill to prohibit display of the flags of the Vietcong and the Government of North Vietnam; to the Committee on the Judiciary.

By Mr. FREY:

H.R. 8957. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. GUDE (for himself, Mr. FRASER, Mr. LINK, Mr. MCKINNEY, Mr. HALPERN, Mr. FAUNTROY, and Mr. SMITH of New York):

H.R. 8958. A bill to supplement the Motor Vehicle Safety Responsibility Act of the District of Columbia in order to provide for the indemnification of persons sustaining certain losses as a result of the operation of motor vehicles by financially irresponsible persons, and for other purposes; to the Committee on the District of Columbia.

By Mr. KYROS:

H.R. 8959. A bill to amend the Clean Air Act and the Federal Water Pollution Control Act in order to prevent false and deceptive advertising with respect to products and services to prevent and control air and water pollution; to the Committee on Interstate and Foreign Commerce.

By Mr. MITCHELL:

H.R. 8960. A bill to reduce pollution which is caused by litter composed of soft drink and beer containers, and to eliminate the threat to the Nation's health, safety, and welfare which is caused by such litter by banning such containers when they are sold in interstate commerce on a no-deposit, no-return basis; to the Committee on Interstate and Foreign Commerce.

By Mr. MORGAN:

H.R. 8961. A bill to amend the Foreign Assistance Act of 1961, and for other purposes; to the Committee on Foreign Affairs.

By Mr. PATMAN (by request):

H.R. 8962. A bill to provide emergency authority for the guarantee of loans to aid certain business enterprises to meet temporary and urgent financial needs; to the Committee on Banking and Currency.

By Mr. ROY:

H.R. 8963. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for a current listing of each drug manufactured, prepared, propagated, compounded, or processed by a registrant under that act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SPRINGER:

H.R. 8964. A bill to amend the Communications Act of 1934 to provide that certain aliens admitted to the United States for permanent residence shall be eligible to operate amateur radio stations in the United States and to hold licenses for their stations; to the Committee on Interstate and Foreign Commerce.

By Mr. ULLMAN:

H.R. 8965. A bill auhorizing the Chief of Engineers to construct certain bank protection works along the Willamette River and its tributaries to the; Committee on Public Works.

By Mr. MATSUNAGA:

H.R. 8966. A bill to authorize a program for the development of fisheries resources in the Central, Western, and South Pacific; to the Committee on Merchant Marine and Fisheries.

By Mr. RARICK:

H.R. 8967. A bill to amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any prohibition on the importation into the United States of any strategic and critical material from any free world country for so long as the importation of like material from any Communist country is not prohibited by law; to the Committee on Foreign Affairs.

By Mr. ASPIN (for himself, Mrs. ABZUG, Mr. DANIELSON, Mr. GAYDOS, Mrs. GRASSO, Mr. GUBSER, Mr. HOGAN, Mr. LINK, Mr. MCCLOSKEY, Mr. MOSHER, Mr. SCHWENGEL, Mr. SLACK, Mr. STEELE, Mr. WILLIAMS, and Mr. YATES):

H.J. Res. 685. Joint resolution to create a select joint committee to conduct an investigation and study into methods of significantly simplifying Federal income tax return forms; to the Committee on Rules.

By Mr. GUDE:

H.J. Res. 686. Joint resolution designating the second week of June of each year as "Juvenile Crime Prevention Week"; to the Committee on the Judiciary.

By Mr. JACOBS:

H.J. Res. 687. Joint resolution authorizing the President to designate the third Sunday in June of each year as "Father's Day"; to the Committee on the Judiciary.

By Mr. PELLY:

H.J. Res. 688. Joint resolution entitled "Stable Purchasing Power Resolution of 1971"; to the Committee on Government Operations.

By Mr. RODINO:

H.J. Res. 689. Joint resolution proclaiming the first week in December as "National Salesmen's Week"; to the Committee on the Judiciary.

By Mr. RYAN (for himself, Mr. CORMAN and Mr. KEMP):

H. Res. 468. A resolution calling upon the Voice of America to broadcast in the Yiddish language to Soviet Jewry; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. BOLAND:

H.R. 8968. A bill for the relief of John C. Garand; to the Committee on the Judiciary.

By Mr. RIEGLE:

H.R. 8969. A bill for the relief of Barbara Ann Goodfellow and Boyd Allan Goodfellow; to the Committee on the Judiciary.

By Mr. ROYBAL:

H.R. 8970. A bill for the relief of Miss Ngan Fei Mo; to the Committee on the Judicary.

By Mr. YATES (by request):

H.R. 8971. A bill for the relief of Po Shin Chang and his wife, Victoria G. Y. Chang; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials of the following titles were presented and referred, as follows:

206. By the Speaker: Memorial of the Senate of the Commonwealth of Puerto Rico relative to proposed amendments to the Federal Minimum Wage Act; to the Committee on Education and Labor.

207. Memorial of the Legislature of the State of Louisiana relative to discontinuing foreign aid to countries engaged in the commercial growing of opium poppies under certain conditions; to the Committee on Foreign Affairs.

208. Memorial of the Legislature of the State of Oregon relative to including water quality and stream flow controls as nonreimbursable operating provisions of the Scoggins Creek Dam project; to the Committee on Interior and Insular Affairs.

209. Memorial of the House of Representatives of the Commonwealth of Puerto Rico relative to proposed amendments to the Federal Minimum Wage Act; to the Committee on Education and Labor.