Drafted into the army as a private in the summer of '42, Mr. Malcolm made Lieutenant in the short time of six months. Just the day before he entered the service, he took time out to get married. He and his wife, Carlotta, raised two daughters: Gail Loftus, 22, who is now married, a mother, and a student at Hunter College; and Carol, 19, a sophomore at Syracuse.

After the war, Malcolm decided to try the so-called land of freedom and opportunity, the north. "I met rank prejudice and rank discrimination."

In 1948, Mr. Malcolm took a job as a parole officer, "just above where I'm sitting now," he said, pointing to the ceiling. At that time parole officers made $2,460 a year. Now his salary is almost $40,000 in the same building.

INNOVATIONS

The first Black commissioner of the Department of Correction said the difference between his administration and that of his predecessors is very much a matter of style. "I've tried to establish a closer relationship with the inmates," he explained.

Commissioner Malcolm numbers several reforms among his contributions to the correctional system. They include:

The implementation of the 72-hour furlough program (suggested by the previous commissioner);

Inmate councils;

Inmate newspapers;

Greater emphasis on staff training in human relations;

Expanded educational, medical, mental health, recreational and community release programs.

Mr. Malcolm strongly believes in and has practiced integration in the staffing of the department.

In terms of physical improvements, Comm. Malcolm feels the constant pressure from his office has influenced the police to make more "quality" arrests (the arrest rate has gone down in the past few years), and has influenced the courts to speed up this processing of cases. This has resulted in a lowering of the inmate population. (During the Tombs riots, that institution held 2,000 inmates, when it was designed for only 900. It is now operating below the preferred maximum.)

For the future, Comm. Malcolm said, "If I am reappointed, I hope we begin to see the closing down of institutions." To boast about being able to lock up large numbers of human beings is, he said, "very sad." He sees the future goal as one of reversing the process of repetitious criminal behavior (for which he feels community release programs are very important) and the "continued humanization of our system."

PUBLIC DEVELOPMENT OF PUBLICLY OWNED OIL-GAS LANDS

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, February 4, 1974

Mr. WALDIE. Mr. Speaker, one of the principal responsibilities facing Congress this year will be an evaluation of domestic oil and gas resources, particularly as they relate to lands under public ownership.

Hearings have begun in the Senate on legislation which would establish a Federal oil and gas corporation for the management of these extensive and vital resources. I am privileged to have introduced similar legislation in this House.

I think it important to consider that passage of this legislation should not be construed as an act of quick judgment in light of the energy controversy. Rather, I consider such legislation to be extremely important if the Federal Government is to have meaningful management of these resources over the next several decades.

The importance of such legislation was recently outlined by Mr. Lee White, Chairman of the Energy Policy Task Force of the Consumer Federation of America. Mr. White, a ranking expert on energy, was Chairman of the Federal Power Commission from 1966 to 1969. At this time, Mr. Chairman, I would request that an article written by Mr. White and published in the Sacramento Bee on January 23, be reprinted in the RECORD:

PUBLIC DEVELOPMENT OF PUBLICLY OWNED OIL-GAS LANDS

(By Lee C. White)

The Tennessee Valley Authority, launched 40 years ago, has demonstrated that the federal government can operate efficiently in the energy field without destroying or weakening private enterprise in that industry. This country need a counterpart of the TVA in finding, producing and managing oil and gas deposits on behalf of the people who own them. It is an idea whose time has come.

Geologists believe that 60 to 75 per cent of all oil and gas yet to be discovered in the United States is on publicly owned land. There is no reason why at least part of these valuable resources should not be discovered and developed by a government corporation for use by their owners—the citizens.

Until now, the government has permitted privately owned corporations to exploit these resources by bidding for the right to go on public lands and explore for petroleum. Less than 5 per cent of the petroleum of public lands has been thus leased.

BAD ADMINISTRATION

Unfortunately, the administration of this program has been wretched. Leases requiring prompt development have been so loosely enforced that in the Gulf of Mexico there are tracts for which bidders paid the government more than $750 million, but have not produced a drop of fuel even though oil and gas in commercial quantities have been found.

A federal oil and gas corportaion, while no panacea, would make a significant contribution to easing our basic and continuing energy problem. Nor is the idea as novel as it seems: We are the only major industrial nation that leaves all the handling of petroleum to privately owned corporations, whose management must be responsive to stockholders, as distinguished from national, priorities.

There was comparatively little need to consider major alternatives to our privately operated petroleum industry as long as the country's needs were being met. However, when things go wrong, as they obviously have recently, the system must be reexamined.

The advantages of a government oil corporation are many. Energy shortages may exist for decades. In this situation, there should be in the field an energy-producing organization motivated not by profits, but by national needs. There is nothing inherently wrong with the profit incentive, but where the product is as essential to national well-being and security as energy, at least part of the country's effort to provide it ought to be motivated by America's security, personal and business needs.

We have seen, for instance, that a voluntary fuels allocation program does not work, primarily because it conflicts with the profit motive. Private management understandably would decline to sell fuel for a higher public purpose—city bus systems, say—at a lower price than it could get from homeowners who need it for heating.

INDEPENDENTS' SHARE

Protecting independents in the oil business could be insured by requiring the federal corporation to allocate a fair share of its crude oil to them. Private companies naturally find it difficult to do this themselves. As one oil executive said: "There's no place in our corporate charter, the Constitution, the law or the Bible where it says we majors must protect and preserve our competitors." He's probably right, but Congress ought to change things so the independents can stay in business as competitors of the major companies.

There undoubtedly will be opposition from oil industry to the proposed government corporation. But the industry ought to welcome the competition and the chance to show it can do a better job than a government agency. This competitive spur to the oil industry may be the best feature of a government oil corporation.

NOT NATIONALIZE

Nor would such a public corporation be the first step toward nationalizing the oil industry, any more than TVA meant the end of the private electric utility industry as was predicted by some in the 1930s.

The present approach to the energy situation is not good enough, with consumers being asked to tighten their belts and pay more, while environmental goals are delayed. Congress has an obligation to act.

No one can claim that creation of a federal oil and gas corporation is the single, dramatic solution to this country's energy needs for the next 20 years. But I think it is a minimal step that should be taken without delay. We can no longer permit ourselves to be totally dependent for basic energy supplies on private industry that has failed to develop our resources in a way that meets national needs and protects consumers.

HOUSE OF REPRESENTATIVES—*Tuesday, February 5, 1974*

The House met at 12 o'clock noon.

Rev. A. Reid Jepson, vice president of Public Ministries, Far East Broadcasting Co., Whittier, Calif., offered the following prayer:

God of our fathers, Lord of the present and Saviour of all who believe. In these troubled times, help us. Teach us lessons we are slow to learn. Give us faith, not so much in ourselves but in God, concerning ourselves and our service on Earth and in Heaven. As in Old Testament times when the Prophet Nehemiah at Jerusalem's water gate (Nehemiah 8: 1–8) called his people to return to the Holy Book of God, may our Nation of leaders and citizens also seek the Lord.

In the words of Ezra the priest, may we bless the great God, bowing our heads and asking forgiveness, obey and worship the Lord. Then we shall have the smile of Your approval on our land again. Then we cna count on Your blessing, protection, and prosperity. Grant us this revival

of saving faith, of love for the living God and for every person in the world community.

Through Jesus Christ. 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 bills of the following titles, in which the concurrence of the House is requested:

S. 2368. An act to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to assure the safety and effectiveness of medical devices; and

S. 2777. An act to establish with the Department of the Interior an additional Assistant Secretary of the Interior for Indian Affairs, and for other purposes.

PRIVATE CALENDAR

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

MRS. ROSE THOMAS

The Clerk called the bill (H.R. 2535) for the relief of Mrs. Rose Thomas.

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

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

There was no objection.

COL. JOHN H. SHERMAN

The Clerk called the bill (H.R. 2633) for the relief of Col. John H. Sherman.

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

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

There was no objection.

ESTATE OF THE LATE RICHARD BURTON, SFC., U.S. ARMY (RETIRED)

The Clerk called the bill (H.R. 3533) for the relief of the estate of the late Richard Burton, Sfc., U.S. Army (retired).

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

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

There was no objection.

MR. AND MRS. JOHN F. FUENTES

The Clerk called the bill (H.R. 2508) for the relief of Mr. and Mrs. John F. Fuentes.

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

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

There was no objection.

MURRAY SWARTZ

The Clerk called the bill (H.R. 6411) for the relief of Murray Swartz.

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

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

There was no objection.

RESOLUTION TO REFER BILL FOR RELIEF OF ESTELLE M. FASS TO THE CHIEF COMMISSIONER OF THE COURT OF CLAIMS

The Clerk called the resolution (H. Res. 362) to refer the bill (H.R. 7209) entitled "A bill for the relief of Estelle M. Fass," to the Chief Commissioner of the Court of Claims.

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

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

There was no objection.

RITA SWANN

The Clerk called the bill (H.R. 1342) for the relief of Rita Swann.

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

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

There was no objection.

LEONARD ALFRED BROWNRIGG

The Clerk called the bill (H.R. 2629) for the relief of Leonard Alfred Brownrigg.

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

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

There was no objection.

BOULOS STEPHAN

The Clerk called the bill (H.R. 4438) for the relief of Boulos Stephan.

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

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

There was no objection.

FAUSTINO MURGIA-MELENDREZ

The Clerk called the bill (H.R. 7535) for the relief of Faustino Murgia-Melendrez.

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

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

There was no objection.

ROMEO LANCIN

The Clerk called the bill (H.R. 4172) for the relief of Romeo Lancin.

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

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

There was no objection.

LUCILLE DE SAINT ANDRE

The Clerk called the bill (H.R. 6477) for the relief of Lucille de Saint Andre.

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

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

There was no objection.

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

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO FILE REPORT ON H.R. 12481, AMENDING INTERNAL REVENUE CODE TO PROVIDE PENSION REFORM

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Tuesday, February 5, 1974, to file a report on the bill, H.R. 12481, to amend the Internal Revenue Code of 1954 to provide pension reform, along with any separate and/or supplemental views.

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

There was no objection.

TOWARD EARLY CONCLUSION OF IMPEACHMENT PROCEEDINGS

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

Mr. McCLORY. Mr. Speaker, tomorrow when the House considers a House resolution (H. Res. 803) to confirm the authority of the Committee on the Judiciary in connection with the impeachment inquiry, and requests broad subpena authority, I hope I will have an opportunity to offer an amendment calling for a final report to the House of the committee's findings and conclusions, on or before April 30, 1974.

Mr. Speaker, if there is one thing that the American people want more than anything else with regard to the subject of impeachment, it is to have the proceedings concluded at the earliest possible date, and that is what this amendment proposes to do.

The chairman of the committee has referred to April 30 as his target date, and I feel that that is the consensus of the committee. Accordingly, it seems to me that we should write this date into the resolution itself.

In the event that the chairman of the committee refuses to yield to me for the purpose of offering this amendment, then I shall call for a rollcall vote on the motion on the previous question. It is my

expectation and the hope that the motion on the previous question will be voted down so that I will have an opportunity then to offer my amendment.

Mr. Speaker, the amendment I propose to offer is, as follows:

Strike the last sentence of section 1 of the resolution and insert in lieu thereof the following:

"The committee shall submit its final report to the House of Representatives on or before April 30, 1974, and such report shall set forth the committee's conclusions with respect to the investigation authorized and directed by this resolution, together with such resolutions, articles of impeachment, or other recommendations as it deems proper."

PROVIDING FOR A VETO VOTE ON PROPOSED CONGRESSIONAL PAY RAISES

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

Mr. DENNIS. Mr. Speaker, I have today filed, and there is now at the Clerk's desk, a discharge petition on H.R. 2154. This bill, originally introduced by the gentleman from Arizona (Mr. RHODES), and of which I am a cosponsor, provides that when any resolution vetoing a proposed congressional pay raise has been before the Committee on Post Office and Civil Service for 10 days without action, that any Member can rise and offer a privileged resolution to discharge the committee and force the resolution for vetoing the proposed pay raise to a vote.

The discharge petition represents the only opportunity to secure a vote on the matter of the proposed pay raise, and I urge my colleagues to affix their names.

PROVIDING FOR ADJOURNMENT FROM FEBRUARY 7, 1974, TO FEBRUARY 13, 1974

Mr. O'NEILL. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 425) and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 425

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, February 7, 1974, it stand adjourned until 12 o'clock meridian, Wednesday, February 13, 1974.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE SEVERAL PRIVILEGED REPORTS

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

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

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 11221, PROVIDING FULL DEPOSIT INSURANCE FOR PUBLIC UNITS AND TO INCREASE DEPOSIT INSURANCE FROM $20,000 TO $50,000

Mr. MATSUNAGA. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 794 and ask for its immediate consideration.

The Clerk read the resolution,, as follows:

H. RES. 794

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11221) to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 1 hour.

Mr. MATSUNAGA. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska (Mr. MARTIN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 794 provides for consideration of H.R. 11221, which, as reported by our Committee on Banking and Currency, would provide for full deposit insurance for public or governmental units, and increase deposit insurance on nonpublic individual accounts from the present $20,000 to $50,000. The resolution provides for an open rule with 1 hour of general debate, the time being equally divided and controlled by the chairman and the ranking minority member of the committee.

After general debate, the bill would be read for amendment under the 5-minute rule. At the conclusion of such consideration, the committee will rise and report the bill to the House with such amendments as may have been adopted. The previous question will then be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. Speaker, deposit insurance dates back to the dark days of the Great Depression when many Americans lost their life savings as the result of bank failures. With the creation in the early 1930's of the Federal Deposit Insurance Corporation, commonly referred to as the FDIC, and the Federal Savings and Loan Insurance Corporation, better known as the FSLIC, the insurance protection of bank deposits infused renewed confidence among depositors in the integrity and security of our banking system. This protection, however, was not unlimited. Certain ceilings were established, and depositors of member institutions were informed of the extent to which their accounts were insured by these Federal agencies.

The initial deposit insurance limit for individual accounts was set at $2,500 for FDIC member banks, and $5,000 for FSLIC member institutions. These limits were subsequently raised just about once every 16 years until 1966, when the insurance coverage ceilings were set at $15,000 for both Federal agencies. The present ceiling of $20,000 was established in December 1969—4 years ago.

As the result of regulatory agency action last year relating to interest rate differentials and permissible ceilings on consumer certificates of deposit, savings and loan associations, mutual savings banks, and credit unions experienced a massive outflow of savings. This in turn resulted in a severe depletion of money available for mortgage lending, a critical situation which still exists today.

Mr. Speaker, H.R. 11221 is not expected to be a panacea for all of today's ills relating to the shortage of available home mortgage funds at reasonable interest rates. But to the extent that it would provide wider selection, higher yield, and greater convenience for public officials, the proposed legislation is designed to help alleviate the present money crisis. And to the extent that it would encourage individual depositors to leave their savings in financial institutions which make home mortgage loans, H.R. 11221 is intended to help correct last year's so-called disintermediation period.

H.R. 11221 provides two separate roads leading to the same goal. First, there would be 100-percent insurance coverage for public funds in the custody of city, county, State, and Federal officials which are deposited in insured banks, savings banks, savings and loan association, and credit unions.

And second, the present deposit insurance ceiling of $20,000 on individual accounts would be raised to $50,000 for accounts in commercial banks, mutual savings banks, savings and loan associations and credit unions. From the individual depositor's standpoint, the $50,000 ceiling would be consistent with the forces of inflation which have been operative the last several years, and it would also eliminate the necessity of his having to spread his savings over a number of federally insured depository institutions in order to obtain full insurance coverage when his total deposits exceed $20,000.

The proposed legislation would not entail cost in the usual sense. Cost is referable to possible enlargement of the two Federal insuring agencies, but the Committee on Banking and Currency believes that the objectives of this legislation can be carried out without any increase of staff in either of those agencies.

Mr. Speaker, I urge the adoption of House Resolution 794 in order that H.R. 11221 may be considered and passed.

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

Mr. MATSUNAGA. I yield to the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Speaker, I would like to take this opportunity to compliment the gentleman and the members of the Rules Committee for bringing out for the first time in a long time a completely open rule. I probably will regret what I am saying at this time because I will probably have to retract tomorrow or the next day.

I particularly want to commend the committee for not approving a rule that prohibits the offering of amendments from the House floor, not previously printed in the CONGRESSIONAL RECORD, as was done with the rules of evidence bill.

I hope the Rules Committee will not repeat that performance again, ever again.

Mr. MATSUNAGA. Since it is not too often that the gentleman from Iowa offers commendations to the Committee on Rules or any other committee, in behalf of the Committee on Rules I accept the commendation of the gentleman from Iowa with great pleasure.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, as the gentleman from Iowa has explained in some detail, H.R. 794 provides for an open rule and 1 hour of debate on H.R. 11221, the bill to increase Federal deposit insurance. As the gentleman has explained, it increases the Federal deposit insurance from the present coverage of $20,000 per account to $50,000 per account.

In addition, in regard to deposits of State, county, and municipal governments, and other local governmental organizations, it increases the coverage to $100,000.

Now, there is a joker in this increase, Mr. Speaker. At the present time under present regulations the banks must maintain a 100 percent coverage of these deposits through the holding of municipal or State bonds. This provision would be eliminated in the legislation which we will shortly be considering, and would result in a lessening in demand for State, county, and municipal bonds.

Another point that I would like to emphasize, and this will be corrected in an amendment to be offered under the 5-minute rule by the distinguished gentleman from Pennsylvania (Mr. JOHNSON) would equalize the interest rates that the banks and savings and loan institutions must pay on Government deposits. At the present time savings and loan institutions may pay one-quarter of 1 percent more interest than commercial banks. A local governmental agency is required to get all of the interest, the maximum amount of interest on those deposits, that they possibly can.

Consequently, unless this unequal amount of interest which may be paid is corrected, the funds in the small communities of the country would be channeled into savings and loans and taken out of the commercial banks of the country. In thousands and thousands of communities through the United States, these governmental funds would not amount to over $100,000, the limit of this coverage. As a consequence, we would have a withdrawal of Government deposits from the banks into the savings and loans and mutual savings banks and the credit unions.

When this amendment is offered, Mr. Speaker, I urge its approval. I support the rule and urge its adoption.

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

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken and the Speaker announced that the ayes appeared to have it.

Mr. WYLIE. 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.

The vote was taken by electronic device, and there were—yeas 397, nays 0, answered "present" 4, not voting 28, as follows:

[Roll No. 14]

YEAS—397

Abdnor	Carey, N.Y.	Esch
Abzug	Carney, Ohio	Eshleman
Adams	Carter	Evans, Colo.
Addabbo	Casey, Tex.	Evins, Tenn.
Alexander	Cederberg	Fascell
Anderson, Calif.	Chamberlain	Findley
Anderson, Ill.	Chappell	Fisher
Andrews, N.C.	Chisholm	Flood
Andrews, N. Dak.	Clancy	Flowers
Annunzio	Clark	Flynt
Archer	Clawson, Del	Foley
Armstrong	Clay	Ford
Ashbrook	Cleveland	Forsythe
Ashley	Cochran	Fountain
Aspin	Cohen	Fraser
Badillo	Collier	Frenzel
Bafalis	Collins, Ill.	Frey
Baker	Collins, Tex.	Froehlich
Barrett	Conable	Fulton
Bauman	Conlan	Fuqua
Beard	Conte	Gaydos
Bell	Conyers	Gettys
Bennett	Corman	Giaimo
Bergland	Cotter	Gibbons
Bevill	Coughlin	Gilman
Biaggi	Crane	Ginn
Biester	Cronin	Goldwater
Bingham	Culver	Gonzalez
Blackburn	Daniel, Dan	Goodling
Blatnik	Daniel, Robert W., Jr.	Grasso
Boggs	Daniels, Dominick V.	Green, Oreg.
Boland	Danielson	Green, Pa.
Bolling	Davis, Ga.	Griffiths
Bowen	Davis, S.C.	Gross
Brademas	Davis, Wis.	Grover
Bray	de la Garza	Gubser
Breaux	Delaney	Gude
Breckinridge	Dellenback	Gunter
Brinkley	Denholm	Guyer
Brooks	Dennis	Hamilton
Broomfield	Dent	Hammer-schmidt
Brotzman	Derwinski	Hanley
Brown, Calif.	Devine	Hanna
Brown, Mich.	Dickinson	Hanrahan
Brown, Ohio	Diggs	Hansen, Idaho
Broyhill, N.C.	Donohue	Hansen, Wash.
Broyhill, Va.	Dorn	Harrington
Buchanan	Downing	Harsha
Burgener	Drinan	Hastings
Burke, Calif.	Dulski	Hawkins
Burke, Fla.	Duncan	Hays
Burke, Mass.	du Pont	Hébert
Burleson, Tex.	Eckhardt	Hechler, W. Va.
Burlison, Mo.	Edwards, Ala.	Heckler, Mass.
Burton	Edwards, Calif.	Heinz
Butler	Eilberg	Helstoski
Byron	Erlenborn	Henderson
		Hicks
Hillis	Montgomery	Skubitz
Hinshaw	Moorhead, Calif.	Slack
Hogan	Moorhead, Pa.	Smith, Iowa
Holifield	Morgan	Snyder
Holt	Mosher	Spence
Holtzman	Moss	Staggers
Horton	Murphy, Ill.	Stanton, J. William
Hosmer	Murphy, N.Y.	Stark
Howard	Natcher	Steed
Huber	Nedzi	Steele
Hudnut	Nelsen	Steelman
Hungate	Nichols	Steiger, Ariz.
Hunt	Nix	Steiger, Wis.
Hutchinson	Obey	Stephens
Ichord	O'Brien	Stokes
Jarman	O'Hara	Stratton
Johnson, Calif.	O'Neill	Stubblefield
Johnson, Colo.	Owens	Studds
Johnson, Pa.	Patman	Sullivan
Jones, N.C.	Patten	Symington
Jones, Tenn.	Perkins	Symms
Jordan	Pettis	Talcott
Karth	Peyser	Taylor, Mo.
Kastenmeier	Pickle	Taylor, N.C.
Kazen	Pike	Teague
Kemp	Podell	Thompson, N.J.
Ketchum	Powell, Ohio	Thomson, Wis.
King	Preyer	Thone
Kluczynski	Price, Ill.	Thornton
Koch	Price, Tex.	Tiernan
Kuykendall	Pritchard	Towell, Nev.
Kyros	Quie	Treen
Landgrebe	Railsback	Udall
Landrum	Randall	Ullman
Latta	Rangel	Van Deerlin
Leggett	Rarick	Vander Jagt
Lehman	Rees	Vanik
Lent	Regula	Veysey
Long, La.	Reuss	Vigorito
Long, Md.	Riegle	Waggonner
Lott	Rinaldo	Waldie
McClory	Roberts	Walsh
McCloskey	Robinson, Va.	Wampler
McCollister	Robison, N.Y.	Ware
McCormack	Rodino	Whalen
McDade	Roe	White
McEwen	Rogers	Whitehurst
McFall	Roncalio, Wyo.	Whitten
McKay	Roncallo, N.Y.	Widnall
McKinney	Rooney, Pa.	Wiggins
Macdonald	Rosenthal	Williams
Madden	Rostenkowski	Wilson, Bob
Madigan	Roush	Wilson, Charles H., Calif.
Mahon	Rousselot	Wilson, Charles, Tex.
Mailliard	Roy	Winn
Mallary	Roybal	Wolff
Mann	Runnels	Wright
Maraziti	Ruppe	Wyatt
Martin, Nebr.	Ruth	Wydler
Martin, N.C.	Ryan	Wylie
Mathis, Ga.	St Germain	Wyman
Matsunaga	Sandman	Yates
Mayne	Sarasin	Yatron
Mazzoli	Sarbanes	Young, Alaska
Meeds	Satterfield	Young, Fla.
Melcher	Scherle	Young, Ga.
Metcalfe	Schneebeli	Young, Ill.
Mezvinsky	Schroeder	Young, S.C.
Michel	Sebelius	Young, Tex.
Milford	Seiberling	Zablocki
Miller	Shipley	Zion
Minish	Shoup	Zwach
Mink	Shriver	
Minshall, Ohio	Shuster	
Mitchell, Md.	Sikes	
Mitchell, N.Y.	Sisk	
Mizell		

NAYS—0

ANSWERED "PRESENT"—4

Camp	Moakley	Quillen
Litton		

NOT VOTING—28

Arends	Jones, Ala.	Pepper
Brasco	Jones, Okla.	Poage
Clausen, Don H.	Lujan	Reid
Dellums	McSpadden	Rhodes
Dingell	Mathias, Calif.	Rooney, N.Y.
Fish	Mills	Rose
Frelinghuysen	Mollohan	Smith, N.Y.
Gray	Myers	Stanton, James V.
Haley	Parris	Stuckey
	Passman	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Gray with Mr. Rhodes.

Mr. Rooney of New York with Mr. McSpadden.

Mr. Passman with Mr. Mills.
Mr. Brasco with Mr. Stuckey.
Mr. Mollohan with Mr. Arends.
Mr. Reid with Smith of New York.
Mr. James V. Stanton with Mr. Don H. Clausen.
Mr. Pepper with Mr. Lujan.
Mr. Dingell with Mr. Dellums.
Mr. Haley with Mr. Myers.
Mr. Jones of Alabama with Mr. Frelinghuysen.
Mr. Rose with Mr. Fish.
Mr. Jones of Oklahoma with Mr. Mathias of California.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

OSHA HEARINGS

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

Mr. DOMINICK V. DANIELS. Mr. Speaker, the Occupational Safety and Health Act of 1970 was the congressional response to a serious national concern. Hearings conducted prior to its enactment, revealed that more than 2 million workers were being disabled in America each year due to work related accidents. This represented a loss of about 250 million man-days of work. Following the first full year of surveillance by the Occupational Safety and Health Administration, a more accurate accounting has shown that over 5.6 million workers were involved in job related injuries or illnesses during 1972.

Realizing the inherent dangers that exist in American workplaces, Congress passed OSHA, to assure so far as possible, every working man and woman in the Nation safe and healthful working conditions. It is my belief that OSHA has gone far toward achieving its stated objective without overburdening employers. The act and its administration, has brought to the foreground however, a wealth of controversy. Although voluntary compliance would of course be ideal, the Occupational Safety and Health Administration has had to deal with the reality of the American business world.

As chairman of the Select Subcommittee on Labor, I have scheduled oversight and amendment hearings commencing March 19 in order to gather information relating to the act and its impact. Anyone interested in either testifying before the subcommittee or submitting a statement for the hearing record should contact my subcommittee office in B345A Rayburn House Office Building.

PROVIDING FULL DEPOSIT INSURANCE FOR PUBLIC UNITS AND TO INCREASE DEPOSIT INSURANCE FROM $20,000 TO $50,000

Mr. ST GERMAIN. 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. 11221) to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000.

The SPEAKER. The question is on the motion offered by the gentleman from Rhode Island.

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. 11221, with Mr. MATSUNAGA 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 Rhode Island (Mr. ST GERMAIN) will be recognized for 30 minutes, and the gentleman from New Jersey (Mr. WIDNALL) will be recognized for 30 minutes.

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

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

Mr. Chairman, I rise in support of H.R. 11221. The legislation was reported from the Committee on Banking and Currency with an overwhelming vote after full and extensive hearings were held, and with an opportunity for all to be heard who desired to be heard.

The legislation represents another modest step to do something positive about our current home mortgage crisis. It is but a first step, but will signal to the beleaguered consumer that the Congress is not content to sit back while housing starts fall, while interest rates soar, and, in many jurisdictions, to the point where mortgage money for both new and existing houses is simply not available.

To the young couple just entering the housing market and to the elderly couple looking to the day when they can be relieved of home ownership seeking apartment accommodations with health facilities, by our passage of H.R. 11221, we clearly declare that Congress cares—that help is on the way, and that they indeed can hope again.

Since 1966, we have endeavored by flexible interest rate legislation known as regulation Q to provide for a stable flow of home mortgage money. We extended reg Q to December 31, 1974, by our adoption of H.R. 6370 (Public Law 93-100) last summer, and in October by voice vote we adopted Senate Joint Resolution 160 trying to amend the regulatory agencies' infamous "wild card" experiment. We said we would be back with a number of recommendations designed to ease the desperate plight of the homeowner who desires to sell, and the home purchaser.

H.R. 11221 grew out of last fall's "emergency credit crunch" hearings, and I am grateful to my colleagues on the subcommittee, nine of whom joined me in sponsoring H.R. 11221 and members of the full committee, also, who moved with dispatch in adopting the subcommittee's recommendations.

I urge the House in a continuation of the split which led to the adoption last October of Senate Joint Resolution 160 to approve the committee bill without crippling amendments.

Mr. Chairman, we have as section 1 the full deposit insurance for public unit deposits, and sections 2, 3, and 4 increasing from $20,000 to $50,000 insurance on individual deposit accounts.

In these days when the price of living keeps soaring; when the price of energy has reached unprecedented heights; when the working man and woman gets his paycheck and finds another increase in social security tax; I think it is fortuitous for us—and it is about time that the Congress did—to say to the American people: We are going to give you something for nothing for a change. We are going to increase the insurance on your deposits from $20,000 to $50,000, and it will not cost you one red penny.

The agencies involved testified to the effect that this legislation and this increase would in no way cripple the fund. The premiums paid will be continued to be paid by the financial institutions involved. We all know we have been hearing from the various segments of the financial community on this legislation. Some of us state, "Well, I have constituents who are bitterly opposed," or, "I have constituents who are certainly in favor," or "who are overwhelmingly in favor," but these constituents happen to be either savings and loans or mutual savings banks or credit unions or the mortgage bankers or the commercial bankers.

I say to you, Mr. Chairman, the constituents that the Members represent and that I represent are not the financial institutions. The constituents we represent are the borrowers and the depositors. We here have an opportunity to adopt legislation to help the prospective home purchaser and to help the home seller.

We say to the average man or woman putting money in their accounts: If you are single, you will not be discriminated against. You will not have to worry when your account reaches $20,000 requiring you to open a new account; you can leave it in up to $50,000.

Mr. Chairman, I repeat: Remember one thing—the constituents that voted for the Members and that sent them here want this legislation. They need this legislation, we are responsible to them and not to the financial institutions or the corporate bodies.

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

Mr. ST GERMAIN. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Just so the record is straight, we have all heard about a great number of people in the savings and loan business and commercial banks and the credit unions——

Mr. ST GERMAIN. And the mutual savings banks.

Mr. ROUSSELOT. Oh, absolutely, the mutual savings banks. To say however that an overwhelming number of our constituents have great interest in this bill I think would be leading our col-

leagues a little bit astray. It is primarily legislation that the industry people who are in charge of the commercial banks, savings and loan institutions and mutual banks want.

Mr. ST GERMAIN. I understand the gentleman's argument.

Mr. ROUSSELOT. Let me finish my comment, if I may.

Mr. ST GERMAIN. I do not yield any further.

The fact of the matter is that it is very clear that this legislation that is before the House today is primarily for the benefit of the consumer, borrower, and depositor rather than for the financial institutions involved.

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

Mr. Chairman, H.R. 11221 is one of those bills which generates a lot of heat and some interesting illumination only after final committee action on it. Some of thep rovisions in the bill, such as full deposit insurance for public deposits, have been discussed for well over a year but it is only in the past few weeks that the affected institutions have realized the full impact of the bill and made their feelings known.

The record will show that I was one of the 27 members of the committee voting to report the bill favorably. I am still favorable to the objectives and support its enactment. However, information which was not generally available until after the hearing record was published and other information I have received since last December, convince me that some amendments are necessary.

The underlying reason for deposit insurance is to encourage thrift. It was initiated in the 1930's when public confidence in banking institutions was badly eroded as a result of experience during the Great Depression. Atlhough public confidence has been justifiably restored, the existence of deposit insurance remains a strong incentive for people to save with confidence.

For this reason, we have periodically increased deposit insurance limits and are again proposing an increase in this bill. The bill increases the limits from $20,000 to $50,000.

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

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

Mr. ROUSSELOTT. Mr. Chairman, I want to compliment my ranking minority Member for bringing out the point in his remarks that we really do not need Federal insurance up to $50,000. Maximum insurance of $35,000, according to the Administrators of the FDIC and SLIC, would be more than adequate. I appreciate my ranking Member making this point because I think our colleagues should understand that this rising demand, indicated by my good colleague and chairman of the subcommittee (Mr. ST GERMAIN), for an increase of the insurance from $35,000 to $50,000 has really not come from our general constituency but from the financial industry itself. I think we should realize that. We have not had thousands of letters from depositors telling us if we do not raise the deposit insurance we are all going to be in deep trouble, because that really is not the case. I appreciate the gentleman from New Jersey making that point.

Mr. WIDNALL. Mr. Chairman, this is a larger increase than would be needed merely to keep abreast of the declining purchasing power of the dollar but was adopted by the committee to encourage the savings of larger amounts without the inconvenience of maintaining multiple accounts. It is estimated that by increasing the limit to $50,000, about 75 percent of insured bank deposits and 97 percent of savings and loan association deposits would be covered.

Although some Members feel this increase is excessive, this section of the bill has not generated a great deal of dissent. In fact, officials of the FDIC and the FSLIC testified that such an increase, although in excess of their recommendations, would not jeopardize the solvency of their reserve accounts.

Section 1 of the bill is a different story. It authorizes full deposit insurance of public deposits regardless of amount. This would change the present situation from one in which the savings and loan industry has not found it practical to solicit public funds to one in which they would not only find them attractive but one in which they would enjoy a competitive advantage over commercial banks on accounts under $100,000.

As things now stand, accounts are only insured up to $20,000 and most States require a pledge of Government securities by the depository institutions in an amount equal to the uninsured portion of the deposit. Because of this pledging requirement, savings and loan associations have not found these Government funds atractive. Exact figures are not available but the Federal Home Loan Bank Board estimates that only about two-tenths of 1 percent of the deposits in savings and loans are Government funds, about $191 million out of total deposits exceeding $122 billion.

On the other hand, as of July 30, 1972, there were some 700,000 State and local government accounts in commercial and mutual savings banks aggregating over $51 billion. Of these, about 200,000 amounting to $49 billion were in accounts of more than $20,000.

Outstanding Federal regulations—regulation Q—limit the interest which may be paid on time deposits of less than $100,000 but permit savings and loans and savings banks to pay one-fourth of 1 percent more than commercial banks.

Bankers are understandably concerned that if we were to enact H.R. 11221 in its present form they would be at a competitive disadvantage as a result of Federal regulations and might quickly see $40 billion or more shifted out of their institutions to thrift institutions.

Despite the need for mortgage funds, I do not believe we should encourage such a large shift of deposits. Therefore, I intend to support an amendment to mandate a change in regulation Q to require that if ceilings are imposed, there must be a uniform ceiling interest rate on public deposits between all types of business institutions. This would result in an equitable situation and still provide an opportunity to attract more funds to the mortgage market.

Mr. Chairman, I believe that if this bill is amended as I have suggested, it would deserve our support and should be enacted.

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

Mr. BLACKBURN. Mr. Chairman, I am personally concerned about the effect the proposed legislation will have on State and local bond markets. I made my reservations known during committee deliberations and felt then that we should direct more attention to this facet of this bill. Georgia requires full pledging of municipal securities to secure public time deposits in an amount exceeding the FDIC insured limit. The 100-percent insurance of public deposits as provided in title I of this bill, of course, means no pledging of municipal securities would be required thereby sharply curtailing the demand side of the market for their municipal bonds and forcing up the interest rates they will have to pay on the bonds they sell.

This same point of view was forcefully expressed in a letter found on pages 179 and 180 of the hearings, from the Washington director of the Municipal Finance Officers Association to the chairman of the subcommittee. He stated:

> The Municipal Finance Officers Association, representing 5000 State, local and Federal governmental fiscal officers in the United States, wishes to record its deep concern over the potential impact of Section 1 of H.R. 10993 (H.R. 11221), to provide full deposit insurance for public funds.

He goes on to point out that current pledging requirements not only provide excellent protection to State and local deposits, they also encourage substantial and widespread investments by banks in State and local obligations. An estimated $90 billion in municipal bonds are held by banks and perhaps 50 percent of this amount is used for pledging purposes.

Then he observes, a reduction in the demand for State and local bonds due to the circumvention of pledging requirements could have catastrophic effects on the demand for municipal securities and drive up the costs of borrowing for State and local governments. An increase of only one-tenth of 1 percent in the interest rates on bond and note sales—about 50 billion a year—would drive up borrowing costs by $5 million a year on new issues alone. Over time, the costs would accumulate to much more.

The Municipal Finance Officers Association at its annual conference on June 6, 1973, adopted a resolution formally opposing 100-percent deposit insurance for public funds.

The Independent Bankers Association of America with a membership of 7,200 National and State banks in 41 States with 90 percent of its membership located in communities having less than 30,000 population is opposed to full ac-

count insurance for public fund deposits. The association in a letter to the committee on November 21, 1973, cites six objections to the 100 percent insurance for public funds proposal—see page 186 of hearing. Of the six objections the one most fully developed is No. 2 which states that the proposal would injure the local municipal bond markets.

The Conference of State Bank Supervisors advises that—and I quote—

> 100% insurance of public fund deposits could have a substantial adverse effect on the market for state and local securities. This could be a particular hardship for small municipalities which are experiencing difficulty in getting adequate financing for essential services (see pages 177 and 178 of the hearings).

The Acting Comptroller of the Currency in a letter dated November 6, 1973—pages 170–71 of the hearings—expressed the opinion that elimination of the collateral security requirement could result in a material increase in the borrowing costs of the Treasury, other Federal agencies and State and local governments. Insured banks now hold about $170 billion, in Treasury, Federal agency, and municipal securities obligations, part of which are used as collateral security for public deposits which are not insured. The release of the collateralization requirement would almost surely reduce bank demand for such obligations.

The reason most banks pledge substantially more public securities than the amount of public funds they have on deposit is to secure the top figure of public deposits which typically does not remain with the institution very long. This is particularly true of Treasury tax and loan accounts which are regularly drawn down in a matter of a few days. Of late, some of these tax and loan accounts have been drawn down 100 percent.

The Securities Industry Association representing nearly 600 firms who underwrite and trade in State and local government securities opposes 100-percent insurance of public funds. The Association points out that commercial banks currently hold over $90 billion in State and local government bonds, approximately 54 percent of outstanding securities of this type. State and local government deposits total nearly $60 billion, $59 of which are currently backed by the pledging of governmental securities. The majority of securities used to fulfill these pledging requirements are State and local bonds. It is the association's opinion that an undercutting of public pledge requirements would certainly result in a corresponding decrease of bank holdings of municipal bonds. Such a decrease in holdings would, in turn, force up interest rates of municipal borrowings.

The Federal Reserve Board—page 141 of the hearings—is concerned over the prospective 100-percent insurance of public fund deposits. One reason for the Board's concern is that large amounts of Government obligations held by commercial banks are pledged as security against public deposits. Full insurance of these deposits would, in many cases, eliminate the necessity for banks to hold such obligations. Although many banks may continue to hold Government obligations without collateral requirements, it is the Board's opinion that authorizing full guarantee of the deposits of public bodies would result in at least some decrease in demands for Government securities and an increase in the borrowing costs of governmental units, both at the State and Federal level.

The Treasury Department—pages 175–176 of the hearings—opposes 100-percent insurance of public deposits. It points out that commercial banks hold about $180 billion of Treasury, agency and municipal obligations, part of which are used as collateral security for public deposits which are not insured. Full insurance of public deposits could result in higher interest rates on Treasury, agency and municipal obligations because of reduced bank demand for such obligations. Additionally the Treasury Department observes that exempting one class of depositors from the limitations of insurance could lead to pressures to extend the exemption to other classes. The Department reminds us the President's Commission on Financial Structure considered but rejected 100-percent deposit insurance coverage of public funds for much the same reasons as the position taken by the Treasury Department.

A contrary view that elimination of pledging requirements would not adversely affect markets for government and municipal bonds is expressed by the vice chairman of the Exchange National Bank of Chicago. The vice chairman is a former Assistant Secretary of the Treasury. However, his expressed opinion on this question was not the position of the Treasury Department then, nor is it the opinion of the Treasury Department now. Consistently, the Treasury Department has held to the view that eliminating the necessity of collateralizing public deposits is potentially disruptive to government and municipal security markets.

I am persuaded by the weight of informed opinion that it would be a mistake to enact the 100-percent deposit insurance for public funds as contained in title I of the bill before us. However, if a change is to be made I think we should approach it on a modified basis so that pledging requirements for public funds will not be done away with at one stroke of the pen. We should proscribe limits on the amount of elimination of pledging requirements that could take place at any one time giving us an opportunity to measure by experience how much impact the change has on government and municipal securities markets. Based on that experience, we might want to go ahead with gradual elimination of pledging requirements or we might find we had made a mistake and should reverse our initial action. This approach confines the margin of error we can make.

Title II of the bill would increase Federal deposit insurance from $20,000 to $50,000 per account. I support an increase in the insured limit but the 150-percent increase provided does appear excessive. I will support an amendment which will be offered to limit the increase to $30,000 or $35,000 per account.

Mr. ST GERMAIN. Mr. Chairman, I have no more speakers at this time.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I will not use the full 5 minutes. I just wish to respond additionally to my colleague from Rhode Island, who I know has worked hard to draft this legislation. I think the House should understand that there has not been a tremendous amount of mail to all of us from the "general constituency" or the general public to ask us to make sure that their deposits in banks and savings and loan institutions are protected by increased insurance. The prime interest has come from the various segments of the financial industry, which is very natural. I am not condemning that; but I thought it should be made clear that this legislation which relates to the amount of Federal insurance that an individual can expect in a savings and loan or commercial bank on the deposits that they possess there has primarily been advocated by the industry itself and to try to make it appear that thousands of people are suddenly rushing to us and saying, "Help protect us in the ways this legislation recommends" would, I think, be an overstatement. That is the only point I wish to make to my colleague from Rhode Island.

During the time of the amendment process, I intend to offer an amendment to reduce the amount of insurance being provided from $50,000 to $35,000. Briefly, the reason for that is that the various agencies that were involved that provide this insurance stated in their testimony during our hearings that the necessity to increase the amount of insurance protection to a depositor is more than adequate at $35,000.

We do not need to extend the exposure of the FDIC or the FSLIC beyond the $35,000, because for instance in the average savings and loan institution today, the average account of a depositor is roughly $4,000 or $5,000. The need for protection, if a person wants more than that, it is very easy to list the account in the wife's name or the children's name, and so forth, and get the full protection coverage; so except for the very huge depositors, which in many cases are very sophisticated investors, there really is no necessity for pressing the need to increase as high as $50,000. Thirty-five thousand dollars would more than adequately satisfy what is needed in the name of inflation.

Both Mr. Wille and Mr. Bomar, who have responsibilities in this field, clearly stated that $35,000 or $30,000 would be more than adequate insurance protection.

Therefore, I will offer that amendment at the appropriate time, and would

encourage my colleagues to support that in the name of just commonsense.

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

Mr. ROUSSELOT. Mr. Chairman, I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, why does the gentleman say he is willing to raise the rate to $35,000 and not to $50,000?

Mr. ROUSSELOT. Mr. Chairman, I think I have just tried to state that there is no necessity to increase it to $50,000. I will be glad to discuss it, as I thought I just did, that any protection to the depositor, and the average depositor in most savings and loans institutions and banks is roughly only $4,000 or $5,000, he presently gets $20,000 protection, and if they require more than that right now and want to stay in the same bank, they can still get it by putting that same deposit in other savings and loan institutions. They do not have to keep it in just that one.

The individual can list himself as one depositor, his wife as another depositor, his children or any other relative as another, and receive far more protection than just the limitation of $20,000.

Therefore, my point is that there is no great pressing need to raise it to $50,000, because there is more than adequate protection right now.

Mr. SKUBITZ. Mr. Chairman, I understand—a person can go to one savings and loan association, invest $20,000 and then go to another savings and loan——

Mr. ROUSSELOT. Or, he can even keep it in the same institution in different names in the same family, and that more than adequately gives the protection.

Mr. SKUBITZ. But, is the insurance rate an excessive rate when it is raised from $35,000 to $50,000?

Mr. ST GERMAIN. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, only because my colleague and associate on the committee, the gentleman from California, (Mr. ROUSSELOT) has indicated that the testimony of the regulatory agency members, Mr. Bomar and Mr. Wille in particular, indicated that $30,000 or $35,000 was all that they approved of——

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, they said that would be more than adequate and they felt that would do the job of providing the kind of insurance protection the average depositor needs. That was my only point. And, that would take into account the concept of inflationary impact.

Mr. ASHLEY. Mr. Chairman, with respect to the testimony of these men who do have the principal regulatory responsibility for depository institutions we are talking about, it was my impression that their testimony was very loose on this subject.

What they said was that it was a judgmental matter. They had no way of determining with any exactitude the amount that deposit insurance should be raised; that what they said was that if it was a matter for the judgment of the committee, and that if the amount should be raised to $50,000, they would have no objection to this.

Mr. ST GERMAIN. Mr. Chairman, if the gentleman will yield, they further stated in answer to the discussion that it would have no adverse effect on the fund. Mr. Wille stated in answer to a question put to him by Mr. ANNUNZIO with respect to the fund and its integrity that if the legislation in toto were adopted, the world would not come to an end. In other words, the funds are of sufficient size and integrity to support this legislation.

Mr. ASHLEY. Indeed so, and I think that the gentleman from Rhode Island makes a very good point with respect to the testimony of Mr. Wille and Mr. Bomar when they said that the fund itself was not in jeopardy whether it goes to $35,000 or to $50,000. The amount to be raised was a judgmental matter that was before the committee. As I understood their testimony, they would have no objection to $50,000. It is quite true that they said that in their judgment $35,000 might well be sufficient, but they certainly raised no real objection.

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield further, that was my point, that it was sufficient; that there was no need; in the questioning, there was no need to go to $50,000 because there were not that many depositors in need of this kind of insurance.

Mr. ASHLEY. Mr. Chairman, I do not care to yield further, because the gentleman again misunderstands.

My characterization of their testimony would be that with respect to the $35,000 increase versus $50,000, this was simply a judgmental matter that was up to the committee.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, I will say to the Members of the House that I would like to get this in following the discussion and the colloquy between the gentleman from Ohio (Mr. ASHLEY) and the gentleman from California, (Mr. ROUSSELOT).

I am reading from a release containing remarks made by Vice President GERALD R. FORD at the 1974 legislative conference, U.S. League of Savings Associations, held at the Statler-Hilton Hotel, 11 a.m., Tuesday, February 5, 1974. The quotation is as follows:

> Mindful of the housing crisis, the administration is moving to increase Federal Deposit insurance from $20,000 to $50,000 per account.

This is from the statement of our former colleague, the Vice President of the United States. He is now the Vice President, as a result of our vote, and Vice President GERALD R. FORD is supporting the increase from $20,000 to $50,000.

Mr. Chairman, I thank the gentleman from California for yielding.

Mr. STARK. Mr. Chairman, I would just like to add to this colloquy and say that concerning the question that I directed to Arthur Burns for his opinion as to what should be done on the general insurance of accounts, the only danger he saw in increasing insurance of accounts is that the banking and savings and loan industry might feel that if we headed toward the complete insurance of accounts, we might head toward irresponsibility in the matter of public deposits.

I then asked Mr. Burns what amount he might suggest as an adequate increase in the amount of deposit insurance, and he said in response to that question, "$35,000 per account."

Mr. Chairman, I would speak generally to several defects that I personally find in the bill, and I think several of those defects will be corrected by amendments to be offered on the floor today. I wish that the bill had been considered in the overall context of reform of the financial institutional structure in a manner similar to that proposed by the Hunt commission. If we do feel that we must go at this piecemeal, I would like to offer an amendment, as I shall later—that would limit the amount of insurance on public deposits to $100,000 per account.

We have no clearcut understanding of what will happen to the municipal bond market as a result of this. That issue could be raised later, but it would seem to me, rather than to toy capriciously with a market that has been established in this country for many years, one that provides low-cost financing to our municipalities and States throughout the country, it would be the better part of wisdom to start out slowly in this area of offering a complete new field to the savings and loan institutions.

Further, we have heard the Federal home loan bank cry before that they did not have the liquidity to meet withdrawal raids, with the result of increasing interest rates on public securities.

Mr. Chairman, I submit that all this is going to do, after we clear away the smoke, is to attempt to transfer some funds to the savings and loans with the hope of increasing the mortgage market.

I will assure the Members that it will definitely add to inflation. This is one of the most harmful things that could happen to the housing industry, and indeed to the entire country. If we do not know anything about what this would do to the municipal bond market, we do know that it will definitely increase the borrowing costs of our municipalities and States around the country.

Mr. Chairman, I propose to submit my amendment at a later time.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, H.R. 11221 is a bill that most members of the

Banking and Currency Committee supported, but is also a bill that many Members question.

The principal objections to the bill do not deal with its merits at all. Chief among these objectives to me is that financial system reform should be a comprehensive effort. Instead, bills like H.R. 11221 are dealing with a tiny aspect of total reform. They are being pushed through our committee in response to one or more interests which are suffering. Each time we pass one of these piecemeal solutions, we then later make some subsequent change to take care of other interests which might have been affected by the original passage.

If it is true that one can make a case for some urgency in the passing of this bill, one can make an equally good case that the committee has known of the need for total financial system reform for years. We could have been examining this matter ever since completion of the Hunt commission report, and, in my judgment, we have been derelict in our duty because we have not.

The second principal objection of mine to this bill is that it is typical of bills to come out of the Banking and Currency Committee in that it would not have the kind of thoughtful consideration that one would expect in a standing committee of this House. The rationale for the bill is that it will put more money into thrift institutions and therefore provide more mortgage money and more housing units starts. That is a laudable ambition, but at least in the full committee there was little showing as to how this would work, how much money would move and how many housing starts might be expected.

Significant questions such as that raised by the gentleman from California (Mr. STARK) were not dealt with in the committee. Amendments, as usual, were handled by moving the previous question, and in general the bill was hurried through as most banking and currency bills are.

I believe a good case can be made for increasing the deposit amount covered by Federal insurance in thrift institutions and commercial banks. I am not wholly persuaded that an increase of 150 percent is the right amount, nor was there any good excuse for this amount offered to the committee.

Likewise, 100 percent insurance of municipal deposits is an interesting suggestion that I believe has merit. Again, the committee would not give sufficient consideration to the questions of rate differential and competition between various depository institutions. It particularly would not give consideration to Mr. STARK's California problem.

I intend to support this bill but also intend to support a number of amendments. I regret that the bill comes to the Whole House without adequate committee consideration and as an independent element in the alteration of our financial system rather than part of a total reform package.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO of Wyoming. Mr. Chairman, it is with some degree of restraint that I speak on this legislation, because up until 3 years ago it would have been an obvious conflict of interest dealing with bank legislation.

However, I cannot help but agree with what the gentleman from Minnesota (Mr. FRENZEL) had to say regarding the piecemeal approach to what is going on today.

We think this will even up the rules between the savings and loans and banks. We will disturb what in my area at least has been a very well accepted procedure for decades whereby public funds are 100 percent insured with the posting of other obligations at par for public funds deposited in banks in time deposits or for which banks could become depositories. Now we will disrupt this system in this legislation. I do not think it would be well advised.

I am inclined to support any amendment that would be offered to correct this. I understand the gentleman from Georgia (Mr. STEPHENS) may have an amendment which will keep the ball game pretty much the same as it is regarding banks and savings and loans, because each has his own locked-in advantage which has served them quite well over the decades. I do not see where it will increase one bit the potential for getting better rates for money or for increasing the money available for public housing, as the report infers.

Therefore I believe I will support the amendment that will be offered by the gentleman from Georgia (Mr. STEPHENS) regarding a change in this legislation, if it is shown in debate that it will do what it purports to do.

Mr. MOAKLEY. Mr. Chairman, as we were considering adoption of the rule for H.R. 11221, which would provide full deposit insurance by the FDIC for public funds and increase deposit insurance from $20,000 for each account to $50,000 for each account, I mistakenly voted "present."

I should like to make it known that it was my firm intention to vote "yes" on consideration of this measure. I am pleased to be a cosponsor of this much-needed legislation and am, therefore, a strong supporter of this bill.

Mr. CLEVELAND. Mr. Chairman, I wish to state at the outset of my remarks that I intend to vote "present" on this bill and probably any amendments offered. This I have done on occasion in the past—most recently on May 9 when the matter of the so-called NOW accounts was before this body—in view of my position as an officer, director and stockholder in a small bank in my hometown of New London, N.H. This bank is a State-chartered trust company offering both commercial and savings services. My comments at the time appear on page 15007 of the RECORD for that date and need no repetition here.

In the same vein, I shall not comment directly on the merits of H.R. 11221, except to focus on the problems it reflects and the failure of the Congress to address them comprehensively. I have received a large number of communications from both supporters and opponents of this measure. Supporters argue that raising the level of insured deposits will stimulate saving, and thus improve their institutions' abiilty to meet the need for home mortgages. They also cite the provision for 100 percent funding of public deposits as a means of improving their ability to compete for reserves.

For their part opponents argue that higher insurance levels on individual accounts—from $20,000 to $50,000—will tend to downplay the competitive advantage of individual commercial banks' stability. The 100-percent insurance on public deposits, they allege, would place them at a competitive disadvantage in view of interest rate differentials prevailing under regulation Q. And they say that their ability to handle State and municipal bond issues would be diminished, a point which supporters of this legislation vigorously dispute.

In my view, the real answer lies in removal of competitive disparities and discriminatory regulations imposed in piecemeal fashion on our financial institutions. We seem to be trying to achieve balance by a thumb on one side of the scales or the other from time to time. The Hunt report represented a worthwhile effort to consider our financial structure as a whole and recommend reforms of comparable breadth. President Nixon has continued to recommend a restructuring and reform of our financial institutions in light of the economic realities of our times. This bill, whichever way the vote goes, will not do the job. We will still be nibbling around the edges of the entire complex problem.

Mrs. SULLIVAN. Mr. Chairman, as a member of the Committee on Banking and Currency, and as the author of the two previous amendments which raised deposit insurance limits from $10,000 to $15,000 and later from $15,000 to the present level of $20,000, I support H.R. 11221 to increase the insurance limits to $50,000 per private account and to provide 100 percent Federal insurance of deposits owned by governmental bodies.

Comparatively few of our individual constituents have cash on hand amounting to $50,000, but many small business firms do, and so do others in the community who, in order to fully protect their financial resources from possible failure of thrift institutions have to divide their funds into accounts of no more than $20,000. I would not characterize this as a hardship, but it is an unnecessary inconvenience which can be solved in great part by passage of H.R. 11221. Furthermore, the provisions of H.R. 11221 dealing with deposits of public funds will encourage greater competition among savings institutions in providing more attractive interest terms for the deposit of governmental funds.

The cost to the Federal Government in providing this additional insurance protection to depositors is negligible or nonexistent. The institutions involved pay the full cost of insurance, and the

premiums over the years have far exceeded any actual losses.

CONSEQUENCES OF BANK FAILURES

But the losses to public agencies when banks fail are extremely serious to the taxpayers of the municipalities or governmental agencies which have placed sizeable amounts on deposit in such institutions.

The increased liability to the insurance funds resulting from passage of this bill will undoubtedly cause the bank regulatory agencies to be even more careful in screening the activities of savings institutions under their jurisdiction which are in potentially dangerous condition.

Shortly after the 1969 act went into effect, several banks failed and I checked with the Federal Deposit Insurance Corporation to see whether those banks had any significant number of accounts in the range of $15,000 to $20,000 each. The answer was yes. In at least one instance of a failing bank—and I do not remember now in which congressional district it was located—the Congressman for the district had voted against the bill which included the increase in deposit insurance from $15,000 to $20,000. Had his position prevailed, some of his constituents would have lost up to $5,000.

One point the Members should keep in mind, Mr. Chairman, is that despite close supervision by the FDIC, the Home Loan Bank Board, and other bank supervisory agencies, thrift institutions occasionally do go under.

When that has happened, a lot of people who deposited sizable amounts of money in the belief that the regulatory agencies can prevent all bank failures were sadly surprised to learn that their funds had not been completely safe. After liquidation of the bank's assets, they might eventually receive some, or even all of their money, but the wait could be a long one in receiving any funds over and above the amount actually insured. And in the meantime they generally lose the interest on any funds they have on deposit which they eventually do receive over and above the insured amount.

EVENTUALLY WE SHOULD INSURE ALL DEPOSITS

In view of the modest cost to federally regulated financial institutions of having their deposits insured, I do not see why we cannot eventually cover all deposits in such institutions, just as H.R. 11221 provides for full insurance deposits of governmental bodies.

The competition among thrift institutions for custody of public funds, which would be enhanced by passage of H.R. 11221, is all for the good, in my opinion. Some of the commercial banks have expressed the fear that the slightly higher interest rate which savings and loans can now pay depositors under regulation Q would lead to large transfers of public funds from banks to savings and loans. But it should be kept in mind that regulation Q does not apply to deposits over $100,000, and regulation Q might be discontinued in the future in any event. The only deposits of public funds which might be attracted from banks to savings and loans under this bill because of the small differential in interest rates savings and loans are allowed to pay under regulation Q would be in amounts between $50,000 and $100,000. Any municipality or public agency with an account of that size undoubtedly needs some of the services of commercial banks which savings and loans cannot presently provide.

I asked some of the bankers who wrote to me in opposition to section 1 of H.R. 11221 how many and what kind of public agency accounts they had between $50,000 and $100,000 they felt might be transferred to savings and loans because of the present one-fourth of 1 percent differential in interest rates, but so far have received no information on that point. I would say that if disintermediation should occur in any significant volume as a result of passage of H.R. 11221, we can take another look at this situation, or the regulatory agencies could amend their requirements under regulation Q to correct any serious competitive imbalance.

ENHANCING COMPETITION FOR PUBLIC FUNDS

On the other hand, if public agencies find—as I think they will—that section 1 of H.R. 11221 will lead to more competition by savings institutions for their cash accounts above $100,000, the ultimate beneficiary of that will be the State and local taxpayers.

Some municipalities express the fear that section 1 will reduce the market for their bonds, if the banks no longer have to post municipal bonds as collateral on public fund deposits. But as long as income taxes remain as high as they are now, the market for tax-exempt municipal bonds is not going to dry up.

In any event, Mr. Chairman, let us have the initiative to try this idea out and see how it works. Some of the bankers were worried in 1966 that raising deposit insurance from $10,000 to $15,000 would create a great competitive advantage for savings and loans, but this did not happen. Nor did it happen again in 1969 when we raised the deposit insurance limit to $20,000. Savings and loans are in business primarily to make home loans. If they cannot place their money expeditiously in mortgages because of other conditions in the economy, such as the present depression in housing, they are not going to be anxious to attract large deposits by offering high interest rates; whereas the banks have proved they can do very well in placing their deposits out on all kinds of commercial loans which the savings and loans cannot do.

This is not a pro-savings and loan or antibank bill; it is a consumer and taxpayer bill intended primarily to provide greater safety for people's life savings, merchants and other businessmen's receipts, and the taxpayers' public funds left on deposit by State and local agencies of government. I urge approval of H.R. 11221.

The CHAIRMAN. If there are no further requests for time, the Clerk will read.

The Clerk read as follows:

H.R. 11221

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

FULL DEPOSIT INSURANCE FOR PUBLIC UNITS

SECTION 1. (a) The Federal Deposit Insurance Act is amended—

(1) in subsection (m) of section 3 (12 U.S.C. 1813(m)), by inserting immediately after "depositor" in the first sentence the following: "(other than a depositor referred to in the third sentence of this subsection)";

(2) in subsection (1) of section 7(12 U.S.C. 1817(1)), by striking out "Trust" and inserting in lieu thereof the following: "Except with respect to trust funds which are owned by a depositor referred to in paragraph (2) of section 11(a) of this Act, trust"; and

(3) in subsection (a) of section 11 (12 U.S.C. 1821(a)), by inserting "(1)" immediately after "(a)", by striking out "The" in the last sentence and inserting in lieu thereof the following: "Except as provided in paragraph (2), the", and by inserting at the end of such subsection the following:

"(2)(A) Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of deposit insurance available for the account of any one depositor, in the case of a depositor who is—

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing the same in an insured bank;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in an insured bank in such State;

"(iii) an officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing the same in an insured bank in the District of Columbia; or

"(iv) an officer, employee, or agent of the Commonwealth of Puerto Rico, of the Virgin Islands, of American Samoa, or of Guam, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in an insured bank in the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, or Guam, respectively;

his deposit shall be insured for the full aggregate amount of such deposit.

"(B) The Corporation may limit the aggregate amount of funds that may be deposited in any insured bank by any depositor referred to in subparagraph (A) of this paragraph on the basis of the size of any such bank in terms of its assets".

(b) Title IV of the National Housing Act is amended—

(1) in section 401(b) (12 U.S.C. 1724(b)), by striking out "Funds" in the third sentence and inserting in lieu thereof the following: "Except in the case of an insured member referred to in the preceding sentence, funds";

(2) in section 405(a) (12 U.S.C. 1728(a)), by inserting after "except that no member or investor" the following: "(other than a member or investor referred to in subsection (d))"; and

(3) by adding at the end of section 405 (12 U.S.C. 1728) the following new subsection:

"(d)(1) Notwithstanding any limitation in this subchapter or in any other provision of law relating to the amount of deposit insurance available for any one account, in the case of an insured member who is——

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing the same in an insured institution;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in an insured institution in such State;

"(iii) an officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing the same in an insured institution in the District of Columbia; or

"(iv) an officer, employee, or agent of the Commonwealth of Puerto Rico, or of the Virgin Islands, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in an insured institution in the Commonwealth of Puerto Rico or the Virgin Islands, respectively;

the account of such insured member shall be insured for the full aggregate amount of such account.

"(2) The Corporation may limit the aggregate amount of funds that may be invested in any insured institution by any insured member referred to in paragraph (1) of this subsection on the basis of the size of any such institution in terms of its assets."

(c) Subsection (c) of section 207 of the Federal Credit Union Act (12 U.S.C. 1787) is amended by—

(1) inserting "(1)" after "(e)",

(2) striking out "For the purposes of this subsection," and inserting in lieu thereof the following: "Subject to the provisions of paragraph (2), for the purposes of this subsection,", and

(3) adding at the end thereof the following:

"(2)(A) Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of insurance available for the account of any one depositor or member, in the case of a depositor or member who is—

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing the same in a credit union insured in accordance with this title;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in a credit union insured in accordance with this title in such State;

"(iii) an officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing the same in a credit union insured in accordance with this title in the District of Columbia; or

"(iv) an officer, employee, or agent of the Commonwealth of Puerto Rico, of the Panama Canal Zone, or of any territory or possession of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in a credit union insured in accordance with this title in the Commonwealth of Puerto Rico, the Panama Canal Zone, or any such territory or possession, respectively;

his account shall be insured for the full aggregate amount of such account.

"(B) The Administrator may limit the aggregate amount of funds that may be invested or deposited in any credit union insured in accordance with this title by any depositor or member referred to in subparagraph (A) on the basis of the size of any such credit union in terms of its assets."

(d) Section 107(7) of the Federal Credit Union Act (12 U.S.C. 1757(7)) is amended by adding at the end thereof the following: "; and to receive from an officer, employee, or agent of those nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act (12 U.S.C. 1787) and in the manner so prescribed payments on shares, share certificates, and share deposits".

INCREASED CEILING ON DEPOSIT INSURANCE; FEDERAL DEPOSIT INSURANCE CORPORATION

SEC. 2. (a) The following provisions of the Federal Deposit Insurance Act are amended by striking out "$20,000" each place it appears therein and inserting in lieu thereof "$50,000":

(1) The first sentence of section 3(m) (12 U.S.C. 1813(m)).

(2) The first sentence of section 7(i) (12 U.S.C. 1817(i)).

(3) The last sentence of section 11(a) (12 U.S.C. 1821(a)).

(4) The fifth sentence of section 11(i) (12 U.S.C. 1821 (i)).

(b) The amendments made by this section are not applicable to any claim arising out of the closing of a bank prior to the date of enactment of this Act.

INCREASED CEILING ON DEPOSIT INSURANCE: FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

SEC. 3. (a) The following provisions of title IV of the National Housing Act are amended by striking out "$20,000" each place it appears therein and inserting in lieu thereof "$50,000":

(1) Section 401(b) (12 U.S.C. 1724(b)).

(2) Section 405(a) (12 U.S.C. 1728(a)).

(b) The amendments made by this section are not applicable to any claim arising out of a default, as defined in section 401(d) of the National Housing Act, where the appointment of a conservator, receiver, or other legal custodian as set forth in that section becomes effective prior to the date of enactment of this Act.

INCREASED CEILING ON DEPOSIT INSURANCE: INSURED CREDIT UNIONS

SEC. 4. (a) The first sentence of section 207(c) of title II of the Federal Credit Union Act (12 U.S.C. 1787(c)) is amended by striking out "$20,000" and inserting in lieu thereof "$50,000".

(b) The amendment made by this section is not applicable to any claim arising out of the closing of a credit union for liquidation on account of bankruptcy or insolvency pursuant to section 207 of title II of the Federal Credit Union Act (12 U.S.C. 1787) prior to the date of enactment of this Act.

Mr. ST GERMAIN (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 Rhode Island?

There was no objection.

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

The CHAIRMAN. Evidently a quorum is not present.

The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 15]

Ashbrook	Fish	Mills
Ashley	Fraser	Mitchell, Md.
Bingham	Gibbons	Mollohan
Brasco	Haley	Moorhead, Pa.
Broyhill, Va.	Hansen, Wash.	Mosher
Buchanan	Harsha	Moss
Carey, N.Y.	Hastings	Myers
Cederberg	Hébert	Nelsen
Clark	Jones, Ala.	Parris
Clausen, Don H.	Jones, Okla.	Passman
Diggs	Koch	Pepper
Dulski	Leggett	Pike
Erlenborn	McSpadden	Poage
Esch	Mailliard	Reid
	Mathias, Calif.	Rhodes
Rooney, N.Y.	Steiger, Wis.	Williams
Rose	Stokes	Wilson, Charles H., Calif.
Ruppe	Stuckey	Zion
Stanton, James V.	Tiernan	
	Van Deerlin	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MATSUNAGA, 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. 11221, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 373 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, immediately after line 2, insert the following new subsection:

(d) Section 107(7) of the Federal Credit Union Act (12 U.S.C. 1757(7)) is amended by adding at the end thereof the following: "and to receive from an officer, employee, or agent of those nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act (12 U.S.C. 1787) and in the manner so prescribed payments on shares, share certificates, and share deposits;".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

AMENDMENTS OFFERED BY MR. JOHNSON OF PENNSYLVANIA

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. JOHNSON of Pennsylvania: On page 3, strike the quotation mark at the end of line 17, and insert the following after line 17:

"(C) In order to provide for the equality of interest or dividend rates, terms and conditions on deposits or investments in insured banks or insured institutions made by any depositor referred to in subparagraph (A) of this paragraph, the Corporation, the Board of Governors of the Federal Reserve System, and the Federal Home Loan Bank Board, shall, in the event that limitations on interest or dividend rates are imposed on such deposits or investments, issue uniform regulations specifying maximum interest or dividend rates which may be paid on such deposits or investments made under the same terms and conditions."

On page 5, strike the quotation mark at the end of line 9, and insert the following after line 9:

"(3) In order to provide for the equality of interest or dividend rates, terms and conditions on deposits or investments in insured banks or insured institutions made by any depositor referred to in paragraph (1) of this subsection, the Board, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, shall, in the event that limitations on interest or dividend rates are imposed on such deposits or investments, issue uniform regulations specifying maximum interest or dividend rates which may be paid on such deposits or investments made under the same terms and conditions."

On page 7, strike the quotation mark at the end of line 2, and insert the following after line 2:

"(C) In order to provide for the equality of interest or dividend rates, terms and conditions on deposits or investments in insured banks, insured institutions, or insured credit unions, made by any depositor referred to in subparagraph (A) of this paragraph, the Administrator shall, in the event that limitations on interest or dividend rates are imposed on such deposits or investments by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, issue conforming regulations specifying maximum interest or dividend rates which may be paid on such deposits or investments made under the same terms and conditions."

Mr. JOHNSON of Pennsylvania (during the reading). Mr. Chairman, since the other two portions of the amendment are practically identical, but apply to different codes and regulations, I ask unanimous consent that the amendments be considered en bloc and read and printed in the RECORD.

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

POINT OF ORDER

There is no objection.

Mr. ST GERMAIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. ST GERMAIN. Mr. Chairman, I make a point of order against the amendment. I would, however, reserve my point of order to allow the gentleman from Pennsylvania to explain the amendment.

The CHAIRMAN. The gentleman reserves his point of order.

The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, this bill today if it is enacted will provide for the thrift institutions probably the greatest victory that I have seen them achieve in the Congress during my service in the Congress.

Why do I say that?

The first part of the bill gives the thrift institutions a shot, let us say, at municipal deposits really for the first time in a big way. That is to say, it provides that all thrift institutions, savings and loans, mutual savings banks, and credit unions, may receive municipal deposits and there will be unlimited FDIC or other forms of insurance to protect them. That, of course, would be a tremendous victory for the thrift institutions.

Also, the other section of the bill increases the amount of deposit insurance to $50,000. While that, of course, is an achievement for the commercial banks, it is also a tremendously great achievement, if it is enacted into law, with respect to the thrift institutions.

But there is one inequality, one real frightening thing that is written into the provision, into the section that has to do with unlimited insurance of public funds under present law, under present regulations. That is, under regulation Q, thrift institutions on deposits of up to $100,000 can pay one-quarter of 1 percent more interest on the money.

Why is that? It is so that money will be attracted to the thrift institutions for use for home mortgages, to help the housing market. What will be the effect if this bill is adopted? It means that on these public funds, these thrift institutions will be allowed to pay one-quarter of 1 percent more interest on them, than banks will be able to.

What will that mean? That will mean that the treasurer of the municipality, the treasurer of your hometown, in deciding where to put money on interest that he might get through revenue sharing or something, has no choice. He would have to put it in a thrift institution. Why? Because if he put it in a commercial bank and got one-quarter of 1 percent less, the auditors at the end of the year would surcharge him, so he would have to put his money in a savings and loan, a mutual savings bank or a credit union.

We do not want a situation like that to occur where the banks would practically be deprived of the opportunity of receiving a deposit of $100,000 from a municipality, because they could take it across the street to a thrift institution and receive one-fourth percent more interest.

How would it affect the counties of my 11-county district? We have some counties that do not have any thrift institutions. It might mean that the treasurer of my municipality at home would have to send the money 20 miles away to a thrift institution, and would not be allowed to keep it in a local bank. He might want to, but he would not dare do it because he would be surcharged.

Therefore, this amendment I have offered says that with respect to government municipal deposits only, the interest rates shall be uniform, shall be equal. What is wrong with that? That is fair.

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

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. J. WILLIAM STANTON. Mr. Chairman, I want to congratulate the gentleman in the well for his amendment. I think all of us are vitally interested in being fair and equitable. This interest equalization amendment he puts forward achieves this goal.

Mr. Chairman, I would hope the gentleman would agree with me that if the amendment is not adopted, then it certainly would be unfair to adopt section 1.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I agree with the gentleman from Ohio.

Here is a very interesting point: While I said that this bill is a tremendous victory for the thrift institutions, the banks are not against the bill as such, but they say, "We want to be able to compete equally for the deposits. We do not want to have our arms tied behind our backs." What we are asking is that we write into this legislation this equality. It is an equality amendment, a fair amendment. I think I have fairly expressed it, and I therefore ask the membership to vote in favor of the amendment in the event it is ruled germane, and we will argue the germaneness of it at the proper time.

POINT OF ORDER

Mr. ST GERMAIN. Mr. Chairman, I wish to be heard on the point of order.

Mr. Chairman, I make a point of order against the so-called Johnson amendment to H.R. 11221.

This section merely provides full Federal insurance on such funds placed in financial institutions, and restricts itself to that.

The amendment before us speaks to the question of what interest rates may be offered to such funds and, therefore, is not germane since it is beyond the scope of the legislation contained in H.R. 11221, as well as this particular section.

I, therefore, ask for a ruling, Mr. Chairman, on the point of order at the appropriate time to the effect that the amendment is outlawed.

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. JOHNSON) wish to be heard on the point of order?

Mr. JOHNSON of Pennsylvania. Yes, Mr. Chairman, I do.

Mr. Chairman, I rise to defend the amendment against the point of order raised by the gentleman from Rhode Island. The amendment is indeed germane to the fundamental purpose of the bill before us today. On its face, the bill provides full insurance of the deposits of public units in all insured banks and institutions. As such, it is designed and intended to make a basic change in the relationships between the financial institutions which are regulated by the Federal Reserve, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board—the intention is to redistribute the deposits among these institutions.

In the bill, the primary method for achieving this redistribution is through the provision of insurance. Whereas, public deposits are presently limited for all practical purposes to commercial banks, which can supplement their account insurance with the protection afforded by the pledging of collateral to secure these public deposits—and this pledging is required in most instances by State law—the thrust of the pending legislation is to enable thrift institutions, savings and loan associations, and mutual savings banks in particular, to accept these public deposits.

My amendment would only serve to modify these terms and conditions under which the deposits of public funds would be accepted by the financial institutions involved. The same fundamental purpose would be sought by amendment as by the bill itself, that of regulating the flow of public funds between these institutions.

As this section is such a drastic new provision, it is necessary that we lay down conditions as to the insurance of public funds in order to prevent a manifest unconscionable wrong.

It is claimed that the difference in terms on its face makes my amendment nongermane, since the bill deals with insurance of deposits, and my amendment deals with the interest or dividends payable on those deposits. However, I must insist that the purpose and thrust be examined, rather than just the language.

The reason for extending full insur-

ance of these deposits is to influence the custodians of these public funds in their decisions as to where they will be deposited—that is the stated purpose of this bill, as reported by the Banking and Currency Committee and as discussed here on the House floor today.

In no way does my amendment depart from this same fundamental purpose—it seeks to use the powers of the same regulatory agencies to influence the same deposits of the same public depositors in the same institutions.

I respectfully submit that this interpretation of the amendment is the correct one, and that it is indeed germane to the pending bill.

The CHAIRMAN. The Chair is prepared to rule unless the gentleman from Minnesota (Mr. FRENZEL) wishes to be heard on the point of order.

Mr. FRENZEL. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman from Minnesota (Mr. FRENZEL) may be heard on the point of order.

Mr. FRENZEL. Mr. Chairman, the point of order is made that the Johnson amendment goes beyond the scope of the bill. However, I would invite the chair's attention to page 3, line 13, subparagraph (B) where the Corporation—in this case, the Federal Deposit Insurance Corporation—is given specific authority to make a determination as to how much of the public funds in the case of banks, depending on their size, may be wholly insured, despite the fact that the bill earlier mandates full insurance.

Mr. Chairman, I will refer the Members also to page 5, line 5, where the same provision occurs for SLIC, and again on pages 6 and 7, beginning on line 21, where the Administrator of Credit Unions is given the same kind of discretion.

In my judgment, Mr. Chairman, the discretion which is to be added as another condition under the Johnson amendment is very little different than the discretion given in those three sections of the bill. So to say that the amendment is nongermane simply because it departs slightly from the bill is, in my judgment, erroneous.

Mr. Chairman, I believe the point of order should not be sustained.

The CHAIRMAN (Mr. MATSUNAGA). The Chair is prepared to rule.

The gentleman from Rhode Island (Mr. ST GERMAIN) makes the point of order that the amendment offered by the gentleman from Pennsylvania (Mr. JOHNSON) is not germane to the bill H.R. 11221.

The Chair has heard the arguments presented by the gentleman from Pennsylvania. Part of that argument dwelt on the merits of the proposed amendment but not on the point of order itself.

The Chair has heard the arguments presented by the gentleman from Minnesota (Mr. FRENZEL) as well.

The pending bill provides for full deposit insurance coverage for deposits of public funds in various types of savings institutions without regard to the existing $20,000 ceiling, and provides for an increase in the present $20,000 ceiling on deposit insurance for individual accounts to $50,000. The bill is thus limited in scope to the question of amount and extent of deposit insurance.

The proposed amendment provides that in order to assure equality of interest or dividend rates, terms and conditions in the savings institutions covered by the bill, the regulatory authorities of those institutions must issue uniform regulations, specifying maximum interest or dividend rates which may be paid on deposits or investments made under the same terms and conditions.

On September 8, 1966, Chairman BOLAND, the gentleman from Massachusetts, held that to a substitute amendment amending several banking acts relating to interest rates, and amending one subsection of the Federal Deposit Insurance Act, an amendment proposing further modifications to the latter act to increase the insurance coverage on deposits was not germane. In that case, the Chair, citing "Cannon's Precedents" (VIII, 2937), stated that where it is proposed to amend existing law in one particular, an amendment to amend the law in another respect not covered by the bill is not germane.

Accordingly, the Chair is constrained to sustain the point of order.

AMENDMENT OFFERED BY MR. STEPHENS

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

The Clerk read as follows:

Amendment offered by Mr. STEPHENS: On page 2, section (2), lines 16 through 25 be eliminated and on page 3, lines 1 through 10 be eliminated and that the following language be inserted in lieu thereof:

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing the same in time deposits in an insured bank;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in time deposits in an insured bank in such State;

"(iii) an officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing the same in time deposits in an insured bank in the District of Columbia; or

"(iv) an officer, employee, or agent of the Commonwealth of Puerto Rico, of the Virgin Islands, of American Samoa, or of Guam, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in time deposits in an insured bank in the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, or Guam, respectively;".

And that on page 3, section (B), lines 13 through 17 be eliminated and the following language be inserted:

"(B) The Corporation may limit the aggregate amount of funds that may be invested in time deposits in any insured bank by any depositor referred to in subparagraph (A) of this paragraph on the basis of the size of any such bank in terms of its assets. *Provided, however,* such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required."

Mr. STEPHENS (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD, and I will try to explain what it does.

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

There was no objection.

Mr. STEPHENS. Mr. Chairman, the amendment that I asked not be read in full does this: It adds in four places in the bill these words: "in time deposits" and then adds a proviso at the end of paragraph B on page 3, these words:

Provided, however, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required.

One of the primary purposes that has been advanced in proposing 100 percent insurance of public funds on deposit is to attract to some financial institutions more funds for housing. To provide more funds for housing is essential.

However, the bill is wider in scope than necessary. It provides 100 percent insurance of public funds for time deposits which are stable enough to increase money supply for housing, but it also provides 100 percent insurance for demand deposits which are not stable enough to increase money supply for housing.

So I propose an amendment to make the 100 percent insurance apply to time deposits only.

My reason for offering such an amendment goes deeper than the fact that demand deposits are not stable enough to aid in housing. It is because of the effect 100 percent insurance on deposits will have on the sale of municipal bonds.

In almost all jurisdictions financial institutions are required to protect public deposits by the pledging of equal reserves. This latter is frequently in the nature of municipal bonds. In fact, in many States pledging by the financial institution of municipal bonds as the reserve is required by law.

By 100 percent insurance, as this bill provides, the Federal Government is substituted for the reserves pledged by the private institution. This will certainly reduce the incentive for purchase of municipal bonds to be used as pledges, if we pass the bill as it is now written. My amendment would offset, in part, this result, because demand deposits of public funds in financial institutions would still be subject to the requirement that reserves be pledged as offsetting security.

In further recognition of the principle of keeping an incentive for financial institutions to invest in municipal securities, I also offer in this amendment the following provisions:

H.R. 11221, in section B, says the Federal Government may limit the aggregate amount of public funds that may be deposited in any insured institution. That provision, like the prior provision discussed, is too wide in scope. It does not say that the Federal Government may limit insurance on public deposits. It says it may limit the deposits themselves. This is a high concentration of power in the Federal authorities. My

amendment would considerably reduce that power by saying that the Federal Government may limit the insurance on public fund deposits, but not the deposits, provided any deposits of public funds in excess of the insurance limits be offset by the pledge of acceptable securities owned by the private institution. This leaves open the incentive for financial institutions to buy municipal bonds for pledge against excess deposits above the Federal insurance coverage.

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

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

Mr. FLYNT. Mr. Chairman, I rise in support of the amendment offered by our distinguished colleague, the gentleman from Georgia (Mr. STEPHENS) who is a member of the Committee on Banking and Currency, and I wish to associate myself with the remarks of the gentleman and the arguments that he has made in support of his amendment.

Mr. Chairman, my concern about this bill and my objection to it without the inclusion of the language of the Stephens amendment is primarily that the bill without the Stephens amendment might dry up the market for State, county, and municipal bonds. This would be especially true in Georgia and some 17 other States.

Without attempting to speak for the situation in other States, in the State of Georgia, the principal inducement for banks to purchase such bonds is to attract deposits by pledging as collateral therefor bonds issued by the governmental unit which places such deposits.

It is true that the yield on State, county, and municipal bonds is free of Federal income tax, but because of the long-term maturity of such bonds, they would not be attractive investments to be carried in bank portfolios without the further attractive feature of obtaining substantial deposits of governmental units by pledging such bonds as collateral therefor.

This provision is supported by the National Association of Governmental Finance Officers and by independent bankers throughout the country as well as by many other national and State organizations which recognize the importance and necessity for the ready marketability of bonds of State and local governmental units.

The very nature of governmental operations is such that governmental funds must be both liquid and immediately available to meet governmental expenses. The provision of this bill without the Stephens amendment providing for 100 percent insurance for deposits of public funds in financial institutions is inequitable, misleading, and fraught with unanticipated side effects. It is inequitable since it does not require uniform interest rate ceilings on such public funds between different types of financial institutions. Obviously, the Treasurer or the Comptroller having authority over public funds must in execution of his public trust seek the highest interest rate. With Federal insurance available in each instance and with commercial banks prevented by regulation Q from offering equal interest rates on deposits in amounts under $100,000, passage of the bill without the Stephens amendment mandates the transfer of these funds from commercial banks to other types of financial institutions across the Nation. This would be the short-range effect. The long-range effect would be to cause commercial banks, presently the principal purchasers of State and local bonds, to abandon large purchases of such bonds and substantially diminish the marketability of such bonds.

The arguments in favor of the provisions of the bill without the Stephens amendment are that the moving of public funds to savings and loan associations will provide significant additional funds for the home and housing mortgage market. However, home and housing mortgage loans are long-term commitments of funds and the history and experience of public funds, even those held on time deposits, is such that they are volatile and are normally short-term deposits. It would seem therefore that they are totally inappropriate for investment in long-term home and housing mortgage loans.

There is an expressed fear among municipal and county officials that the 100 percent provision in this bill without the Stephens amendment would cause substantial injury to smaller cities and counties since there would no longer be any requirement for depositories to pledge acceptable securities against public deposits.

I strongly support the adoption of the amendment offered by my colleague from Georgia (Mr. STEPHENS) and if his amendment is adopted, I will have no reservations or objections to H.R. 11221. I urge adoption of the Stephens amendment, and, if adopted, I urge passage of the bill.

Mr. TAYLOR of North Carolina. Mr. Chairman, will the gentleman yield?

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

Mr. TAYLOR of North Carolina. Mr. Chairman, I thank the gentleman from Georgia for yielding to me.

Mr. Chairman, I received a letter from Mr. Edwin Gill, treasurer for the State of North Carolina, in which he says:

> To the casual reader of the bill, 100 percent insurance for public deposits might appear helpful to State and local Governments. But it should be pointed out that such insurance could serve to undermine the very beneficial aspects of the pledging requirements which in most States are used to secure State and local deposits.
>
> Current pledging requirements not only provide excellent protection to State and local deposits, but they also encourage substantial and widespread investment by banks in State and local obligations. An estimated $90 billion in municipal bonds are held by banks and perhaps 50 percent of this amount is used for pledging purposes.

Mr. Chairman, this situation concerns me, and I would ask the distinguished gentleman in the well in his opinion what effect would this legislation have on the sale of municipal bonds, and how would the gentleman's amendment aid this situation?

The CHAIRMAN. The time of the gentleman has expired.

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

Mr. STEPHENS. Mr. Chairman, in reply to the statement and inquiry of the gentleman from North Carolina (Mr. TAYLOR), I would say that as the bill is now written that it would be a detrimental bill insofar as the incentive to have more investment in municipal securities.

I believe that if the amendment I have offered is adopted that it will help to encourage that incentive, and I will say to the gentleman from North Carolina that that is my intent in offering this amendment, so as to do just exactly what the gentleman from North Carolina has pointed out needs to be done.

That is my intent, and I hope that the language does that.

Mr. TAYLOR of North Carolina. Mr. Chairman, I thank the gentleman from Georgia, and I intend to support the amendment the gentleman from Georgia has offered.

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

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

Mr. WYLIE. I thank the gentleman for yielding. I notice in his letter explaining the bill he says his amendment would provide 100 percent insurance on time deposits.

Mr. STEPHENS. That is right.

Mr. WYLIE. I do not understand. Would that also apply to demand deposits in commercial banks?

Mr. STEPHENS. No.

Mr. WYLIE. So that there would only be 100 percent insurance on public time deposits?

Mr. STEPHENS. Not on demand deposits.

Mr. WYLIE. Yes, on demand deposits in commercial banks.

Mr. STEPHENS. It leaves an incentive for them to invest in municipal bonds.

Mr. WYLIE. But there are no demand deposits in savings and loans, so the gentleman is not talking about savings and loans when he offers this amendment and his amendment would provide 100 percent insurance on public deposits in savings and loans.

Mr. STEPHENS. That is correct.

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

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

Mr. WILLIAMS. I thank the gentleman for yielding.

(By unanimous consent, at the request of Mr. WILLIAMS, Mr. STEPHENS was allowed to proceed for 4 additional minutes.)

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

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

Mr. WILLIAMS. I thank the gentleman for yielding.

As I understand his amendment, he will also insure through the FDIC the public funds deposited in thrift institutions?

Mr. STEPHENS. In time deposits.

Mr. WILLIAMS. And that he extends to a reasonable limit the time deposits usually referred to as CD's for the commercial banks? In other words, the gentlman here is talking about time deposits?

Mr. STEPHENS. That is right.

Mr. WILLIAMS. These usually are referred to as certificates of deposit or CD's. The gentleman is extending the coverage to a greater coverage on those time deposits in commercial banks and S. & L.'s or mutual banks?

Mr. STEPHENS. Yes, or what is recognized as insurance limited by the Federal Congress under my amendment.

Mr. WILLIAMS. Very fine. I should like to say, then, in answer to the gentleman who spoke previously, that the State, county, and municipal bondholders would not be appreciably affected because the interest on this type of bond, first of all, is tax exempt, and the interest on those bonds depends upon the credit rating of the State, county, or municipality who is issuing. The banks are not borrowing these bonds only to cover their public funding funds. They are also borrowing it for income. I can see no possible effect on the funds being deposited in commercial banks, so I certainly want to support the gentleman's amendment 100 percent.

Mr. STEPHENS. I thank the gentleman from Pennsylvania.

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

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

Mr. WAGGONNER. I thank the gentleman for yielding.

Not having seen a copy of the gentleman's amendment, it appears to me from having listened to his explanation of it that the proposed amendment corrects an error in the drafting of the bill. I was inclined to believe, having read the bill, that the drafting of this particular section was in part at least drafted by the savings and loan people, because, as I read the language beginning at page 2, line 12, it says:

"(2) (A) Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of deposit insurance available for the account of any one depositor, in the case of a depositor who is—

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing the same in an insured bank;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing the same in an insured bank in such State;"

I interpret this to mean that the requirement to gain this insurance is that an official, an employee, for example, who has custody of public funds must become a stockholder in an insured bank by investing those public funds in his custody in order to receive full insurance coverage on the deposit he made in that bank. The key words are "lawfully investing" and deposits were not investments.

Mr. STEPHENS. My amendment does not go to that at all. I am not sure I would like to try to answer that, and I would defer to the chairman of our subcommittee who is handling this bill for the answer.

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

(On request of Mr. ST GERMAIN, and by unanimous consent, Mr. STEPHENS was allowed to proceed for 5 additional minutes.)

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, in response to the gentleman from Louisiana, there simply is no requirement in the language as I understand it that a depositor become a stockholder in any way, shape, or fashion. This is for the deposit. What they state is that he who deposits public funds must be an agent of the State or municipality or Federal Government with authority to deposit these funds.

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

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

Mr. WAGGONNER. Mr. Chairman, a careful reading of this language will show this applies in the case of a depositor who is an officer, employee, or agent. That is the requirement. He has got to be a stockholder. Now, read the bill.

Mr. STEPHENS. I will be glad to yield to the gentleman from Rhode Island (Mr. ST GERMAIN) to reply to that, but while they are arguing as to what they think this means, I would like to conclude what I have to say because this does not have anything to do with my amendment.

I say in conclusion that I offer my amendment in what I think is a spirit of compromise between the position of the commercial banks on the one side and the savings and loan associations and credit unions on the other in order to provide more money for housing and to preserve incentives for continuing a market for sale of municipal bonds and to prohibit the grant of arbitrary power of the Federal agencies to allocate public fund deposits.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Starting at page 2 the bill says:

"(2) (A) Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of deposit insurance available for the account of any one depositor, in the case of a depositor who is—

There we distinctly indicate we are talking about depositors who are depositing public funds and they are described in (i), (ii), (iii) and (iv). It says their deposits shall be insured for the full amount of such deposit. There is nothing about their becoming stockholders or shareholders in any portion of this.

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

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

Mr. WYLIE. Mr. Chairman, I want to pursue a point that I was attempting to make earlier. Your amendment would provide 100 percent insurance to public funds for time deposits. I made the point that this does not provide 100 percent insurance for demand deposits.

Mr. STEPHENS. That is my understanding.

Mr. WYLIE. At the present time public funds are treated the same as private funds and there is a $20,000 limit for FDIC and SLIC insurance.

Mr. STEPHENS. This would not change that. If I led the gentleman to that impression, this would not change that.

Mr. WYLIE. So there would the $50,000 insurance limit on public funds which are held for demand still apply.

Mr. STEPHENS. I believe that is in the amendment to be offered by the gentleman from California (Mr. ROUSSELOT).

Mr. WYLIE. So this amendment really does not change the effect of this bill on public deposits in savings and loans at all?

Mr. STEPHENS. It would not either way.

Mr. WYLIE. So as far as the language of the bill before us this amendment really does not have any effect on savings and loans because they have only time deposits. This amendment is not a compromise. That is the point I wanted to make.

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

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

Mr. ASHLEY. Do we have a grammar problem? I am curious as to whether the gentleman's amendment would change existing law with respect to insurance of demand deposits of Federal funds.

Mr. STEPHENS. It is not my intent that it be so interpreted.

Mr. ASHLEY. I take it that the law with respect to insurance of demand deposits would not change, but that the insurance of time deposits would be, pursuant to the gentleman's amendment, increased to $100,000; is that correct?

Mr. STEPHENS. I do not have that limitation in my amendment.

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

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

If the gentleman from Georgia would be willing to continue the colloquy, I would like to address a question to the gentleman from Georgia.

Mr. STEPHENS. I yield to the gentleman from California for a question.

Mr. ROUSSELOT. If I were the treasurer of a city and decided to place my funds in a savings and loan and had a passbook account, would that be 100 percent insured?

Mr. STEPHENS. It would be 100 percent insured up to what the FSLIC said could go into that bank, into that savings and loan.

Mr. ROUSSELOT. That would be $50,000 under this new limitation?

Mr. STEPHENS. No, because in section (B) of this particular bill, it says that the corporation can determine how much will go into a savings and loan or a bank based upon the size, judged by its assets, and if its assets are judged that way, public funds would be treated dif-

ferently than the other insured programs.

Mr. ROUSSELOT. Even if it is taken out?

Mr. STEPHENS. Even if it is taken out.

Mr. ROUSSELOT. If the treasurer withdrew it?

Mr. STEPHENS. He can take it out at any time, but he might lose the interest.

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

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

Mr. BROWN of Michigan. The gentleman from Georgia would agree would he not that his amendment affects no one other than insured banks; am I correct?

Mr. STEPHENS. I think that is correct.

Mr. BROWN of Michigan. That is, the amendment of the gentleman relates only to institutions under the jurisdiction of the FDIC?

Mr. STEPHENS. No. It goes to both, as I understand; it goes to both. FSLIC and FDIC.

Mr. BROWN of Michigan. This is where I am confused, because I received a letter from the gentleman in the well——

Mr. STEPHENS. Correct, and my letter to that point was in error.

Mr. BROWN of Michigan. And the letter of the gentleman, covered, I thought, all institutions; but the language of the gentleman's amendment that I examined only relates to the action of the FDIC, since it refers to an insured bank in each paragraph of its language.

Mr. STEPHENS. If the gentleman will look at the definition in the basic law, he will find the definition of an insured bank there.

Mr. BROWN of Michigan. But the operative language of the second portion of his amendment relates to time deposits. Would not the gentleman agree there are no demand deposits except in commercial banks?

Mr. STEPHENS. Yes.

Mr. BROWN of Michigan. And his amendment relates to the pledging of collateral in excess of the amount insured.

Mr. STEPHENS. That is right.

Mr. BROWN of Michigan. All these things, I think the gentleman would agree, relate to banks.

Mr. STEPHENS. But the time deposits of all in the savings and loans and they would be covered by my amendment as I intend for it to be understood. If the savings and loans do have public funds, they will have 100 percent of the protection as the insurance would provide.

Mr. BROWN of Michigan. But the gentleman's amendment, if I may continue, only amends the portions of the bill applicable to institutions insured by the FDIC.

Mr. ROUSSELOT. That was the point I was trying to make and I think the gentleman from Ohio (Mr. WYLIE) was trying to make; is that not the fact?

Mr. Chairman, I will be glad to yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, the point is that savings and loans cannot accept those. Savings and loans do not have demand deposits, so that question is moot.

Mr. ROUSSELOT. Mr. Chairman, the point the gentleman is making that savings and loans do not have demand deposits is a correct one, and he is now concerned that they are not covered under this amendment.

Mr. ST GERMAIN. They are.

Mr. ROUSSELOT. Not covered.

Mr. ST GERMAIN. It provides full insurance for time deposits, and they do have time deposits.

Mr. ROUSSELOT. Then the amendment of the gentleman in the well has no effect on savings and loans.

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

Mr. ROUSSELOT. Mr. Chairman, I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I now have a copy of the gentleman's amendment. In the second portion of his amendment it says that—

On page 3, section (B), lines 13 to 17 be eliminated and the following language be inserted:

Then, it goes on:

Provided, however, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required.

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

(By unanimous consent Mr. ROUSSELOT was allowed to proceed for an additional 5 minutes.)

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding further to me. I think it is quite clear from the gentleman's amendment that this only applies to institutions insured by Federal Deposit Insurance Corporation, which are basically banks.

I would suggest that if his amendment is intended to apply to others, that it must be inserted in each of the sections dealing with those institutions insured by the FSLIC and by the Bureau of Federal Credit Unions.

Mr. STEPHENS. Mr. Chairman, if that is immediate and the gentleman thinks it does not do that, I will be glad to accede to an amendment. It is my understanding that the subject about the question of my amendment covers both FSLIC and FDIC. I cannot go any further than that, but that was my understanding. I checked that, and I have already sent out my letter.

Mr. ROUSSELOT. Mr. Chairman, then the gentleman would be willing to accept an amendment to clarify that point?

Mr. STEPHENS. Oh, yes.

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

Mr. ROUSSELOT. Mr. Chairman, I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Chairman, I would like to have the attention again of the gentleman from Georgia. We are talking about a depositor in subparagraph 2, an officer, employee or agent of any State of the United States or any county, municipality or political subdivision thereof, having official custody of public funds and lawfully investing the same in an insured bank in such a State.

Listen to me for just a minute; the key words are "lawfully invest." Deposits in a savings and loan are also an investment, but deposits in banks are merely deposits and are not any form of an investment. There is a vast difference in a deposit in a savings and loan and a deposit in a bank.

We are requiring an investor in the instance of a deposit in a commercial bank, and a deposit is not an investment in that institution.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Mr. Chairman, I am glad to yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, it is merely a question of semantics. Certificates of deposit oftentimes are looked upon as investments. Certainly, we have a matter of interpretation, but it is felt by many that if money is put in a bank, it is being invested such as a CD that will bring back a return of 7.5 percent or an effective return of 7.90 percent for a period of 4 or 5 years.

Mr. WAGGONNER. Does a shareholder make an investment when he makes a deposit in a CD or a commercial bank?

Mr. ST GERMAIN. No, nor does he when he invests in such a company.

Mr. WAGGONNER. A deposit is not an investment.

Mr. Chairman, the only thing I say is that if we leave this language in, then we will find we have language which we do not intend to have. I am simply offering the Members an opportunity to correct it before it is too late.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman from Louisiana.

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

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

Mr. J. WILLIAM STANTON. Mr. Chairman, I thank the gentleman for yielding.

If any of the Members will take the time to listen to the gentleman from Louisiana, they will find that he has made an excellent point. I think also when we stop and consider the fact that the equalization of interest amendment was declared nongermane to this section, we ought to move on, and personally I think we should just strike the entire section.

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

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

Mr. WAGGONNER. Mr. Chairman, in answer to the gentleman from Rhode Island, he refers to a certificate of deposit as an investment. The reason they are not known as "CI's," certificates of investment, stems strictly from the fact that they are not investments. They are deposits.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman from Louisiana.

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

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

Mr. WILLIAMS. Mr. Chairman, I would like to ask the distinguished gentleman from Louisiana (Mr. WAGGONNER) if his objections would be met by simply chang-

ing the wording here as it appears, "lawfully investing," to "depositing."

Mr. WAGGONNER. Or depositing. The key words are "lawfully investing." A deposit is not an investment. If we change "lawfully investing" to "lawfully depositing," then we have workable language.

Of course, we could change our language to read: "Lawfully investing or depositing."

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

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

Mr. WILLIAMS. Mr. Chairman, I would like to ask the author of this amendment, the gentleman from Georgia (Mr. STEPHENS) if he would accept the amendment that in every place where "lawfully investing" appears, we add "or depositing"?

Mr. STEPHENS. Mr. Chairman, I have no objection to that.

Mr. ROUSSELOT. And to follow through on that point, Mr. Chairman, I think the gentleman should make the request.

Mr. STEPHENS. Mr. Chairman, I ask unanimous consent to modify my amendment in line with the suggestion made by the gentleman from Pennsylvania (Mr. WILLIAMS).

The CHAIRMAN. The Chair will state that the Clerk will have to report the amendment, which has not yet been offered.

The time of the gentleman from California (Mr. ROUSSELOT) has again expired.

AMENDMENT OFFERED BY MR. BLACKBURN TO THE AMENDMENT OFFERED BY MR. STEPHENS

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

The Clerk read as follows:

Amendment offered by Mr. BLACKBURN to the amendment offered by Mr. STEPHENS: Strike out the last paragraph of the amendment and insert the following language:

(B) The Corporation shall limit the aggregate amount of funds that may be covered by deposit insurance to a limit of $100,000 in time deposits in any insured bank by any depositor referred to in subparagraph (A) of this paragraph on the basis of the size of any such bank in terms of its assets. *Provided, however*, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required.

Mr. BLACKBURN. Mr. Chairman, I will say to the members of the committee that I will make my preliminary statement and say that in general I support the Stephens approach.

I am personally very much concerned about the bond market for State and local governments in this country, and I feel that the bill as it is now drawn, in the absence of an amendment such as that offered by the gentleman from Georgia (Mr. STEPHENS) could seriously undermine or erode the market for bonds issued by our State, county, and municipal governments.

Now, the purpose of the Stephens amendment, of course, is to define "time deposits" as falling into one category and demand deposits, that is, checking account deposits, as falling in a different category.

The Stephens amendment, as I understand it, would provide that demand deposits will be insured fully by the Federal Deposit Insurance Corporation. Am I correct in that?

Mr. STEPHENS. The gentleman is not correct.

Mr. BLACKBURN. Demand deposits are not covered at all?

Mr. STEPHENS. Except under the general provisions of the bill.

Mr. BLACKBURN. Which is $50,000. That is the limitation that would exist there.

I feel, frankly, the Stephens amendment does not go far enough, because in the Stephens amendment the gentleman provides that the Commissioner of the Federal Deposit Insurance Corporation may limit the amount of insurance that he will cover on time deposits. He leaves it discretionary with the Federal Deposit Insurance Corporation as to the amount of insurance that the Federal Government will stand behind on public deposits in time accounts.

What I am doing in my statement is providing that there shall be a limitation of $100,000 that will be covered by the Federal Deposit Insurance Corporation of public funds deposited in time deposits.

Furthermore, and consistent with the Stephens amendment, if a depositing agency of the Government wishes to put more than $100,000 in time deposits in any institution, then the depositing or accepting institution must continue to pledge the same collateral as they have in the past.

I think that will allow sufficient flexibility to allow some of these deposits to go into institutions which today are not receiving such deposits, but on really huge deposits, in excess of $100,000, there would still be a requirement for the posting of collateral.

Mr. STEPHENS. Will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman.

Mr. STEPHENS. What the gentleman is saying is exactly what I said in my amendment with one exception. I say there ought to be a top amount put on that except what is the judgment of the size of the banking assets. You want to put in $100,000 regardless of the size of the assets of the bank.

Mr. BLACKBURN. That is right.

Mr. STEPHENS. I would say that that is going to hurt every small bank. All you are going to do is put $100,000 into the banks in my district in Atlanta and Decatur. It will not be put in everywhere. You are in favor of the big banks against the little banks.

Mr. BLACKBURN. I do not concur with the gentleman in that conclusion. Frankly, I think the small banks will still have the same ability to attract these deposits as they do today with the benefit of having $100,000 coverage at the very beginning.

The gentleman from California (Mr. STARK) is going to offer the same type of amendment which would apply to the savings and loan institutions and mutual banks as well as the commercial banks.

The reason why I am offering this amendment is because we might as well, I feel, establish the precedent now that we should have a limit on the amount of insurance that will be issued for public deposits in time deposit funds.

Mr. WYLIE. Will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman.

Mr. WYLIE. I thank the gentleman for yielding.

The gentleman just made the point that I alluded to earlier, the amendment only applies to commercial banks and has no application to savings and loans.

Mr. BLACKBURN. No. It cannot because it is the only part of the amendment we can deal with at this time, but it will be perfectly proper to deal with banks at this point and then deal with savings and loans when it becomes germane later on.

Mr. WYLIE. If the gentleman will yield further, public deposits in savings and loans are also provided for in section 1. All of the insurance provisions as far as public funds are concerned are dealt with in section 1. We are in section 1. On page 5, line 5, there is a section which deals with deposits in savings and loans. I do not think another amendment should be offered to this section right now. It would be an amendment in the third degree.

Mr. BLACKBURN. I agree. I do not believe we can, but I think we should establish the precedent right now.

PARLIAMENTARY INQUIRY

Mr. WILLIAMS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILLIAMS. Did the Chair accept the unanimous consent request offered by the gentleman from Georgia (Mr. STEPHENS) which would add "or deposit" after the words "lawfully invested" in his amendment?

The CHAIRMAN. The Chair cannot entertain any unanimous-consent request until such a request is made.

Mr. WILLIAMS. I understood the gentleman from Georgia made one.

Mr. STEPHENS. I do not know what the proper time would be, but I have a perfecting amendment, to answer the question that the gentleman from Pennsylvania (Mr. WILLIAMS) just brought up.

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

Mr. Chairman, it may have been noted that during the discussion today on the first amendment offered to H.R. 11221, the statement was made that if this bill is adopted it will be a great victory for the thrift institutions.

I want to say to my colleagues that that is exactly what we need in this country—a great victory for the thrift institutions. They are the only source of home mortgage money.

You could go to a commercial bank and more easily borrow $5 million for a shopping center than you can go to the same commercial bank and get a $40,000

or $50,000 home mortgage, even though that mortgage were adequately covered by collateral. The loan for the shopping center would have a term of about 7 or 8 years, while the home mortgage loan would have a term of at least 20 years.

Today there is no more mortgage money available. If any of my colleagues, their children, or their relatives, have tried to get home mortgage money recently they know that it is just not there.

So, Mr. Chairman, it is about time that we took note of this fact, and relate that to the fact that new housing starts dropped to an all-time low in the latter quarter of 1973. And that same amount of new housing starts is also forecast for the first quarter of 1974.

We can talk all we want to about helping the thrift institutions, but we are regulating the thrift institutions. The Congress of the United States is controlling the thrift institutions like no other financial institutions.

We are saying to them: You must put a little less than 80 percent of your deposits into home mortgages—and you can have no checking accounts, except for three States—while at the same time commercial banks have checking accounts and countless other privileges the thrift institutions do not have.

You can talk about the fact that a thrift institution is permitted to pay their depositors one-quarter of 1 percent more, but I can tell you they will give that up and a lot more to get the same privileges the commercial banks have today.

Talk about being unfair, we are being unfair to our thrift institutions.

As far as the municipal bonds are concerned, which were mentioned by our esteemed colleague, the gentleman from Georgia (Mr. BLACKBURN), this bill will have no effect on the municipal bond market, and that includes bonds from States and counties.

I have participated in the floating of many local bond issues. Every municipality has a credit rating. You get bids on the interest that you are going to have to pay on those bonds.

If one has a low credit rating, one pays a higher interest, and the commercial banks will continue to buy these low-credit-rating bonds at the higher interest for income, not to cover any public money on deposit. That is another issue, and I hope at the proper time the gentleman from Georgia will offer the two words that I suggested, or that have been suggested to him by the gentleman from Louisiana.

I can tell the Members this: If they want to go through another year of having their constituents beat on them because they cannot get home mortgages, just vote against this bill. If they want to clear that up, vote for this bill.

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

Mr. Chairman, I rise in opposition to the Blackburn amendment. Certainly this amendment, as well as an amendment that will be offered later, among other things would be an administrative nightmare. With this legislation, we want to increase insurance on deposits from $20,000 to $50,000. Among the reasons for that is to make it more convenient for the depositor and to encourage people to participate in thrift institutions.

On the other hand, we have now before the House a request to limit the deposits to $100,000. The subcommittee had thorough hearings. We had requests by the administrative agencies involved that the administrators be given the authority to limit the amount of deposits based upon the size of the bank. We have incorporated that in this legislation, but for the Congress now to say that deposits in all institutions will be limited to $100,000 I think certainly goes way beyond the intent, and it would destroy the efficacy of this legislation. I conclude by stating beyond that that there was not one scintilla, not one iota, of testimony to this effect.

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

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) to the amendment offered by the gentleman from Georgia (Mr. STEPHENS). It partially covers the intent of an amendment I intend to offer later which would extend the theory to savings and loans and credit unions. I want to point out that the Independent Bankers Association, which represents the small banks in this country, opposed the entire section of this bill which deals with insurance for public accounts. The efforts on the part of the gentlemen from Georgia, Mr. STEPHENS, Mr. BLACKBURN, and myself, are to allow some insurance on public accounts, but the effort is also to control that so that we do not risk ruining a municipal bond market and that we do not turn loose a new area of finance on small institutions who are unfamiliar with how to operate in this area.

Therefore, I would urge my colleagues to support the Blackburn amendment, and, indeed, to support the Stephens amendment which is necessary to correct some oversight in the drafting of the bill.

I would hope, of course, that they would later support my amendment which cover putting a $100,000 limitation on public deposits in savings and loans and credit unions.

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

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

Mr. BLACKBURN. I thank the gentleman for yielding. I think it is important to point out to the Members here that the gentleman from Rhode Island said that this would limit the deposits in the various institutions. The Blackburn amendment does not limit the deposits; it limits the amount of insurance, and that is a very important distinction. I want to make sure that everyone understands that they can still deposit $200,000 or $3 million or whatever amount they are accustomed to deposit in the bank. It is just that the Federal Deposit Insurance Corporation will only insure the first $100,000. I want to make sure that my friends understand that.

In the absence of adopting the Stephens amendment, we are allowing the Federal Deposit Insurance Corporation to limit the deposits that can go in any particular institution, and it is pretty broadly a matter of discretion with the Federal Deposit Insurance Corporation. I am, frankly, not all that confident that we should be granting these broad discretions to administrative agencies.

Mr. STARK. I yield back the remainder of my time.

Mr. RANDALL. Mr. Chairman, I move to strike the last word.

As I look at it there are five separate interests affected or concerned by this amendment: First, there are the savings and loan associations; second, there are the banks, whether small or large; third, there are those who issue or sell municipal bonds whether municipalities or brokers who must have a market for their municipal bonds; fourth, there are the homebuilders and others who need mortgage money for housing; and fifth and finally, there are depositors who want and need deposit insurance.

If I may have the attention of the gentleman from Georgia, let me inquire as to the effect on savings and loan associations. Pending that, let me say that I understand the Stephens amendment would not affect demand deposits, and since the savings and loan accounts are all time deposits, and there remains unchanged the requirement for full insurance as to time deposits, the savings and loans are at least not adversely affected. During the debate there was some indication that the savings and loan associations might prefer the Stephens amendment to the equal insurance amendment of the gentleman from Pennsylvania (Mr. JOHNSON). It is also my understanding that the savings and loans do not and cannot accept collateralization or the provision of depositing municipal bonds to cover security of public deposits beyond deposit insurance.

Coming now to the effect the Stephens amendment will have on the banks, the answer is that there should be no adverse effects of a serious or damaging nature, because it simply increases deposit insurance and still provides that deposits greater than the amount of insurance shall be collateralized. It seems reasonable to conclude that the small banks would be better off than without the Stephens amendment. Continuing on, the small banks seem to be in the same position as the municipal bonds interests. They would prefer no bill at all, but since they must now face the prospect of legislation they would prefer the Stephens amendment than not to have the amendment, in consideration of the fact that the Johnson of Pennsylvania amendment to equalize interest has been ruled out of order.

The question I pose to the gentleman from Georgia (Mr. STEPHENS) is that the banks remain pretty much as they were. His amendment will increase the amount of deposit insurance, but all over the amount of insurance must be secured by collateral. Is that correct?

Mr. STEPHENS. Yes, that is the present law.

Mr. RANDALL. Well then the small banks in that particular would not object. The Stephens amendment would improve the market for municipal bonds because collateralization is not disturbed. Maybe the municipalities who issue bonds and those who sell them are not as well off as if there was no bill at all, but they are better off with the Stephens amendment than without it.

Mr. STEPHENS. With my amendment they are not hurt, but without it I think it would be most difficult.

Mr. RANDALL. Your amendment will not have any adverse effect on housing money because there is only so much anyway you figure it. If we pass the bill the belief is that its passage will encourage savings for mortgage money for housing. Finally the fifth category of interested persons are the depositors. Under the Stephens amendment there will be more protection for depositors, the amendment offered by the gentleman from Georgia (Mr. STEPHENS) as I see it will not adversely affect any of the five categories I have mentioned. All have a legitimate interest in this legislation. While each of the categories may consider or weigh benefits versus burdens of H.R. 11221—it is my belief that the Stephens amendment is the best vehicle available to provide the most benefits to the five different groups with the fewest disadvantages. For that reason I urge the adoption of the Stephens amendment.

Mr. ANNUNZIO. Mr. Chairman, I rise in support of the Stephens amendment. Our distinguished colleague from Georgia's expertise in housing matters is well known to us all and in my judgment he has, by his substitute, clearly contributed significantly to H.R. 11221 and had made totally unnecessary the adoption of a number of crippling amendments which I understand will be proposed.

By distinguishing between demand and time deposits the gentleman from Georgia has clearly calmed the fears of those bankers who believe that the passage of H.R. 11221 would do significant damage to their present deposit picture. While I personally feel that such claims were exaggerated beyond all reality, I nevertheless am pleased to support the distinguished gentleman from Georgia's substitute for we are all concerned that each of our financial intermediaries continue to grow and to serve each of their specialized clientele. Certainly there is a need for consumer short-term loans, and the Stephens substitute, by distinguishing between time and demand deposits, clearly enables certain commercial banks to continue serving these specialized needs.

I know no one is more concerned than the gentleman from Georgia as to the dire straits many homebuilders in this country now find themselves and I know that we can count on his continued leadership as a senior member of the Housing Subcommittee to cause the administration to face up to the housing facts of America.

The service which the gentleman from Georgia has rendered today by enabling H.R. 11221 to move forward as a modest step in support of our thrift institutions, the home mortgage industry generally and the home building industry is significant indeed and I commend him for it.

I am aware of the concern expressed by many of the effect of section 1 on the municipal bonds market and while not convinced of the validity of their arguments I nevertheless salute the gentleman from Georgia for his amendment permitting pledging to continue for demand deposits in excess of $100,000.

By permitting the existing one-quarter percent differential to apply up to $100,000 for time deposits, the spirit and thrust of section 1 is clearly advanced.

I urge adoption of the Stephens substitute, Mr. Chairman.

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

I take this time to read into the RECORD a letter from Mr. George Shultz, Secretary of the Treasury, written to the gentleman from Arizona (Mr. RHODES). The letter is as follows:

THE SECRETARY OF THE TREASURY,
Washington, D.C., February 5, 1974.

Hon. JOHN J. RHODES,
House of Representatives,
Washington, D.C.

DEAR MR. RHODES: I am writing to express my concern with the provisions of H.R. 11221 as reported by the Committee on Banking and Currency on January 21, 1974, which would provide for 100 percent Federal insurance of deposits by public bodies in certain financial institutions. Under existing law such Federal insurance is limited to $20,000 for each deposit account.

Exempting state and local government deposits from the present limitation on the amount of Federal insurance for each account is, in my view, inconsistent with the traditional purpose of the Federal deposit insurance program to provide protection for the savings of individuals and families of moderate means who frequently lack the technical ability to appraise accurately the soundness of available outlets for their funds. I believe that the health of private financial institutions, as well as the financial interests of the Federal Government, would be better served by retaining the present incentive for large depositors to investigate institutions before placing deposits in them. Providing deposit insurance only for the smaller accounts helps to assure good management by depository institutions in order to attract the larger deposits. I am also concerned that exempting one class of depositors from the present limitations on insurance coverage would lead to pressures to extend the exemption to other classes of deposits. The President's Commission on Financial Structure considered but rejected 100 percent deposit insurance coverage for much the same reasons.

This legislation would also have an adverse effect on the market for Federal as well as state and local securities. Commercial banks now hold about $180 billion of such securities, which are used in part as collateral security for deposits of public monies which are not insured. Full insurance of public deposits could thus result in significantly higher interest rates on Government obligations because of reduced bank demand for such obligations. This increase in the cost of borrowing to the U.S. Treasury, other Federal agencies, and state and local governments would appear to have little if any offsetting benefits.

I understand that the principal objective of this legislation is to encourage state and local governments to deposit funds in thrift institutions which in turn is expected to increase the funds available to finance housing. This objective is highly questionable, because of the volatility of large Government deposits. Deposits of Government funds are understandably sensitive to changes in market rates of interest, and such deposits are clearly not a stable source of funds for long-term mortgage lending. Therefore, rather than offsetting effects of disintermediation, this would tend to aggravate them. Moreover, to the extent that it is considered desirable to encourage the flow of funds to housing by means of increased deposits of public funds in thrift institutions, this could be accomplished at the state level by permitting such institutions to secure such deposits with Government guaranteed or conventional mortgages at some reasonable percentage of value.

Sincerely yours,

GEORGE P. SHULTZ.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I would like to make a point in reply to the gentleman from New Jersey.

No. 1, we have testimony in the record that there are approximately $100 billion held in bonds and municipal securities, and so forth, by the commercial banks at this point, $40 billion of which is used as collateral. This indicates that there are other incentives to the commercial banks to purchase these securities.

No. 2, I do not know what the date of that letter was. What was the date of that letter?

Mr. WIDNALL. It was received February 5.

Mr. ST GERMAIN. It was received today?

Mr. WIDNALL. Yes.

Mr. ST GERMAIN. Evidently Mr. Shultz, the Secretary of the Treasury, had not consulted with the Vice President, who this morning stated that the administration is a proponent of the increase from $20,000 to $50,000 of insurance on deposits.

Mr. WIDNALL. He spoke to the insurance question, I believe.

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

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

Mr. ASHLEY. The gentleman earlier said that he inaccurately supported the reporting of this bill. Does the letter from the Secretary, which certainly flies in the face of other administration spokesmen, now lead him to oppose the bill before us?

Mr. WIDNALL. I will answer my colleague by saying that some officials of the administration have been criticized for not going on record for their views on certain bills. This is the view of the Secretary of the Treasury. It is not the view I expressed earlier in my personal remarks.

The CHAIRMAN. The time of the gentleman has expired.

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

I would like to ask the gentleman from New Jersey (Mr. WIDNALL) as to the letter. The letter that he has quoted does not apply to my amendment; is that right? It was written prior to my amendment?

Mr. WIDNALL. Yes.

Mr. STEPHENS. Mr. Chairman, I thank the gentleman.

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

Mr. STEPHENS. Mr. Chairman, I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, as a further follow-up to the question of the gentleman from Ohio (Mr. ASHLEY) I think that all the ranking minority member of our committee was trying to point out was that Mr. Shultz, who has a tremendous responsibility in the management of public funds, felt that he should speak to this issue because it very much relates to the housekeeping functions of the U.S. Treasury.

That does not mean that because Mr. WIDNALL is raising these issues, he is trying to do damage to the debate or the consideration of the bill, but we should be aware of those important considerations. I think the gentleman from New Jersey (Mr. WIDNALL) did that very properly. By reading and inserting the letter from the Secretary of the Treasury into the RECORD.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. Mr. Chairman, I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, I would like to state to the gentleman from Georgia and to my colleagues in the House that I am hopeful that we will be able to vote on the Stephens amendment without the Blackburn amendment. I am wholeheartedly in support of the Stephens amendment, because I feel it will satisfy those objections that have been raised concerning the legislation as to the effect on the market for municipal bonds. It certainly preserves the overall intent of the legislation to channel more funds into the thrift institutions of this Nation and thereby make more funds available to the mortgage market.

Mr. STEPHENS. Mr. Chairman, I agree with the gentleman. I disagree with the Blackburn amendment, and agree with my amendment.

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

Mr. STEPHENS. Mr. Chairman, I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, there are two aspects of the gentleman's amendment which need to be clarified.

No. 1, when he uses the term "time deposit," does he include nondemand passbook accounts in savings and loan associations and in banks?

Mr. STEPHENS. That was my intent.

Mr. BROWN of Michigan. Otherwise, the gentleman is saying that time deposits include all deposits other than demand deposits?

Mr. STEPHENS. That is right.

Mr. BROWN of Michigan. So the gentleman is permitting 100-percent insurance on passbook accounts in savings and loans and in banks?

Mr. STEPHENS. As to public funds.

Mr. BROWN of Michigan. Yes.

Mr. STEPHENS. Right.

Mr. BROWN of Michigan. Mr. Chairman, I would like to ask a second question. In the last section of the amendment referring to pledging collateral in excess of the amount set by FDIC insurance, it says:

Provided, however, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required.

I think the gentleman would agree that what is an acceptable collateral to me is determined by State law.

Mr. STEPHENS. That is the only thing that a depositor could accept. It would have to be acceptable under State law.

Mr. BROWN of Michigan. A depositor is a municipal body which deposits the funds, and the gentleman is saying that the collateral that will be pledged, that this collateral shall be acceptable to me as a depositor, irrespective of what State law may be?

Mr. STEPHENS. I do not say irrespective.

Mr. BROWN of Michigan. That is the legislative history I am trying to establish.

The gentleman says "acceptable to the depositor." He means acceptable to the depositor under the law of the State applicable to the depositor?

Mr. STEPHENS. Absolutely, that is what I mean.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman.

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

Mr. Chairman, I would not be doing my duty if I did not call to the attention of the Members the numbers of financial organizations and financial experts in our country who are opposed to 100 percent financing of public deposits.

Let me begin by referring to pages 179 and 180 of the hearings, quoting a letter from the Washington director of the Municipal Finance Officers Association. The director stated as follows:

The Municipal Finance Officers Association, representing 5,000 State, local and Federal governmental fiscal officers in the United States, wishes to record its deep concern over the potential impact of section 1 of H.R. 10993.

The Independent Bankers Association of America, with a membership of 7,200 national and State banks in 41 States, with 90 percent of its membership located in communities having less than 40,000 population, is opposed to full account insurance for public fund deposits.

The association, in a letter to the committee on November 21, 1973, cites six objections to the 100 percent insurance for public funds proposal.

The Conference of State Bank Supervisors advises that 100-percent insurance of public fund deposits could have—and I quote—"could have a substantial adverse effect on the market for State and local securities."

The Acting Comptroller of the Currency, in a letter dated November 6, 1973, expressed the same opinion.

The Securities Industry Association, representing nearly 600 firms, who underwrite and trade in State and local government securities, opposes 100 percent insurance of public funds.

The Federal Reserve Board likewise opposes it, as well as the Treasury Department.

Mr. Chairman, I am calling to the attention of the Members the fact that we are flying in the face of some very weighty expert opinion if we do not adopt an amendment which will help to insure the preservation of the markets, and we would be doing a disservice to our country. I think that my amendment, as well as that amendment offered by the gentleman from Georgia (Mr. STEPHENS) will best serve the country.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I am happy to yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, I do not wish to speak twice on the gentleman's amendment. It is true that I spoke once before.

I could go through the hearings and cite all the proponents who agree with my position.

Mr. Chairman, I will state this:

All of those people said what they did say prior to the offering of the Stephens amendment, which I support and which I endorse and shall vote for. However, I do not feel that the amendment offered by the gentleman would help the amendment offered by the gentleman from Georgia (Mr. STEPHENS).

Mr. BLACKBURN. Mr. Chairman, if the gentleman accepts the amendment offered by the gentleman from Georgia (Mr. STEPHENS) I think he should accept mine, too.

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

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

Mr. STEPHENS. Mr. Chairman, I agree with the fact that the bill should be amended. That is why I did not vote for the bill as it was when it came out of the committee.

That is why I offered my amendment, in order to provide that there will not be any 100-percent, across-the-board insurance. That is the reason I offered my amendment, in order to provide a compromise, because I voted against the whole bill in the committee, and because of the opinions of people who are respected and who have said that we should not have 100-percent insurance. That is why I offered my amendment.

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

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

Mr. STARK. Mr. Chairman, it is my understanding that if we would support the gentleman's amendment, he would further support, if his amendment passes and the Stephens amendment passes, an

amendment which we would offer or which I would offer that would apply the same limits to savings and loans and credit unions so that it would, in effect, have the full force and effect of the amendment which I propose to offer?

Mr. BLACKBURN. Mr. Chairman, the gentleman is absolutely correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) to the amendment offered by the gentleman from Georgia (Mr. STEPHENS).

The amendment to the amendment was rejected.

Mr. STEPHENS. Mr. Chairman, I ask unanimous consent to modify my amendment as follows:

In the first paragraph of the amendment immediately after "lawfully investing" the four times it appears therein insert "or depositing", and in the second paragraph, immediately after "invested" insert "or deposited".

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

Mr. WYLIE. Mr. Chairman, reserving the right to object, I am not thoroughly sure I understand the thrust of the amendment, but this amendment does not get the heart of the point I raised earlier with reference to demand deposits. The amendment still does not apply to demand deposits even with this modifying amendment. Is that correct.

Mr. STEPHENS. That is correct.

Mr. WYLIE. I thank the gentleman and withdraw my reservation of objection.

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

There was no objection.

The CHAIRMAN. The Clerk will report the modification to the amendment.

The Clerk read as follows:

In the first paragraph of the amendment immediately after "lawfully investing" the four times it appears therein insert "or depositing", and in the second paragraph, immediately after "invested" insert "or deposited".

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. STEPHENS) as modified.

The amendment as modified was agreed to.

AMENDMENT OFFERED BY MR. WYLIE

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

The Clerk read as follows:

Amendment offered by Mr. WYLIE: Strike out section 1 of the bill.

Mr. WYLIE. Mr. Chairman, I think the debate we have just heard indicates the complicated thicket we are getting into when we talk about 100 percent insurance of public deposits.

This bill—and I will not talk to you about economic impact as a financial expert, which I am not, but, rather, I would like to talk to you in elementary language as to what the bill does—this bill in section 1 provides, first of all, for 100 percent FDIC and FSLIC insurance on all deposits by municipalities, States, and local subdivisions.

The present law provides public deposits are treated the same as private deposits—that is a deposit which you and I would make, for example—is insured up to $20,000. This bill would provide for an increase in private deposit insurance from $20,000 to $50,000.

I have no serious objection to increasing the amount of insurance on all deposits held by banks and by savings and loans or any other financial institution, for that matter, to $50,000.

Generally, the banks oppose an increase to $50,000. The banks say that all we need is an increase to $25,000 or $30,000 to take care of the increase in the cost of living. The savings and loans want a $50,000 limitation. The savings and loans want the 100 percent insurance on public deposits, because up to now they have not been able to receive public deposits.

There is required under present law and State regulation a security pledge. There are some $100 billion now outstanding in public deposits in the United States. More than 50 percent of these public deposits are secured through the purchase of municipal bonds. If section 1 is passed into law, there will not be any secured interest required on public funds, and with the rate differential which is now in the bill because the amendment to equalize interest rates was held not germane. Savings and loans pay one-quarter percent higher interest rate than commercial banks on public deposits. It is my judgment there will be a considerable shift of funds in the money market.

We have no way of knowing what the impact of this shift might be. At the same time, this public money is what is known in the trade as "hot" money. It is not left on deposit for any extended period of time; it must be made available on a continuing basis to the public institutions which make the deposits.

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

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

Mr. ROUSSELOT. Mr. Chairman, I would ask the gentleman from Ohio whether the point the gentleman is trying to make is that public funds do not normally or necessarily go into the housing market, which is long-term money? Is that correct?

Mr. WYLIE. That is exactly the point I was about to make.

The alleged thrust of the section 1 provision is to put money into the housing market, into savings and loan institutions, which provide money for the housing mortgage market. If the money is going in and out on a constant basis, which it would be, in my judgment, then the Savings and Loans could not depend on using it as long-term money for housing mortgages. I thank the gentleman for making that point.

Coupled with the rate differential, as I mentioned before, it is expected that there might be a substantial shift of public funds, and we do not know what the effect of that might be on the economy generally.

I think it is fair to say that the savings and loan institutions would have a tremendous advantage being able to pay one-quarter percent more interest than the commercial banks, and it is argued, as I just stated before that this would increase the amount of money going into the housing market.

The CHAIRMAN. The time of the gentleman has expired.

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

Mr. WILLIAMS. Mr. Chairman, if the gentleman will yield, my esteemed colleague, the gentleman in the well from Ohio, has just given an answer to my esteemed colleague, the gentleman from California (Mr. ROUSSELOT) that this would not put any additional money in the housing market.

Now, of course, the mutual savings banks, in the case of a municipality that is borrowing perhaps $4 or $5 million to build a sanitary sewage plant, that was going to take advantage of that, and that money was deposited in the mutual savings bank, which is a thrift institution, and is required to have 78 percent of their money in housing money, would not this mean more money in the home mortgage market?

Mr. WYLIE. I do not know how we could really anticipate that. I think the whole point I want to make here——

Mr. WILLIAMS. I would say to the gentleman from Ohio that if he cannot anticipate that then I take definite issue with the gentleman for making a definite conclusion on the subject.

Mr. WYLIE. The point I was making earlier, when I first started the argument in support of my amendment, is that we are entering into an uncertain thicket, and I believe section 1 should be removed from the bill. The section 1 provision ought to be sent back to the Banking and Currency Committee for further study to see exactly what the economic impact might be, whether there will be a substantial increase in the amount of money going into the housing market, or not.

Mr. WILLIAMS. If the gentleman will yield further, the only way you will develop a track record is to make it possible for a track record to be developed, and under your amendment you would never have any track record.

Mr. WYLIE. There is one other argument in favor of my amendment, and that is that we do not know what the effect will be on the municipal bond market. Now we have the situation where almost 50 percent of this $100 billion in time deposits is secured by municipal bonds. This means——

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

(By unanimous consent, Mr. WYLIE was allowed to proceed for 1 additional minute.)

Mr. WYLIE. Mr. Chairman, I think this means the sale of municipal securities would surely decline if my amendment is not adopted, so that many capital improvements now undertaken by local governments and local subdivisions of governments would have to be deferred or some other form of debt developed.

I want to vote for the position of the savings and loan which is to increase the

insurance coverage to $50,000 across the board for all deposits. I think the coverage for public and private deposits should be equal. I think at the same time we can sustain the position of the commercial banks which have a great fear that there would be a considerable amount of shifting of public funds. If we include this provision with the interest differential. I think the provisions of this section should be the subject of separate legislation. It is to that end that I urge support of my amendment.

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

Mr. WYLIE. I yield to my colleague, the gentleman from Ohio.

Mr. J. WILLIAM STANTON. I appreciate the gentleman's yielding. The gentleman made an excellent point at the end where he said that where this bill sits today, we are speaking about $100,000 under really an interest equalization difference of one-quarter percent for public funds. Other than that, regulation takes care of it.

As the gentleman has said earlier, when we are dealing with municipalities and cities which are bound to go to the highest price with the interest equalization tax amendment, we have got an inequitable situation here, and the gentleman's amendment should be approved.

Mr. WYLIE. I thank the gentleman for his support.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ST GERMAIN. Mr. Chairman, I rise in opposition to the amendment.

I should like to repeat, there is $100 billion of securities now held, $40 billion of which are used as pledges for collateral. We talk about equalization. It is easy to give popular advertising agency nomenclature to an amendment, but let us look at the situation to date. To date there has been a monopoly. The only financial institutions that have had available to them the deposit of public funds have been the commercial banks. God bless them; they have done well over the years.

But now the need is for funds in the mortgage area. We have seen the effects of mass disintermediation on more than one occasion. It has happened every 3 years. If we talk about equality, I say the time has come to right the inequality that has existed over the years wherein the commercial banks have had a pretty good deal. They have had a monopoly on the deposit of public funds.

Mr. Chairman, I urge my colleagues to remember if we adopt the Stephens amendment, that will take care of the arguments against the fact that there will be no market for municipal securities, and with the Stephens amendment, I feel that this bill does accomplish its original intent and purpose. I ask my colleagues to vote against the Wylie amendment.

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

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I have heard no one provide any figures as to the additional cost of a $50,000 deposit guarantee.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I thank the gentleman for yielding.

No additional cost will occur whatsoever. The insurance on these deposits is paid for by the financial institutions. As I stated earlier in the debate, here is an opportunity for us to at long last say to the American people: We are giving you something for nothing—an increase from $20,000 to $50,000 on your deposit insurance.

Mr. GROSS. Who will provide the funding for the additional risk?

Mr. ST GERMAIN. The increase from $20,000 to $50,000. All financial institutions, whether they be covered by FSLIC or FDIC, pay an insurance premium based on the total amount of their deposits. Whether they are in 50 accounts or 2 accounts, the same amount of insurance is paid. It is paid for by the financial institutions. It is a cost of doing business to the financial institutions.

Mr. GROSS. Who pays for the costs of doing business by these financial institutions?

Mr. ST GERMAIN. The financial institutions, as of this very date.

Mr. GROSS. How about the borrower and on down the line? Does he not pay the cost?

Mr. ST GERMAIN. I am certain that the gentleman from Iowa must have some money in some financial institution.

Mr. GROSS. Do the banks not charge at least some depositors for the costs of doing business?

Mr. ST GERMAIN. There is no charge. I think what the gentleman is getting to is would this affect the interest paid on deposits?

Mr. GROSS. Then why not take the deposit guarantee up to $100,000 or $200,000 and just take in everybody including the Rockefellers with $1 million guarantee or more?

Mr. ST GERMAIN. If the gentleman will yield, the testimony before the committee by the representatives of FDIC and SLIC is that an increase to $50,000 would not jeopardize the fund and it would maintain the integrity of the fund, that is the insurance fund. That is why we picked on the figure of $50,000.

I might state that in 1963 the FDIC 11 years ago, testified it should be $50,000, so at long last we are trying to catch up.

Mr. GROSS. No one is going to convince me that the banks and savings and loans, like every other business institution, do not pass their costs of providing service on down to those who do business with them. I do not quarrel with that procedure, but I think the public ought to know whether it will be faced with added costs as a result of this legislation.

Let me ask the gentleman one other question. How much money has the FDIC loaned directly to various banks?

Mr. ST GERMAIN. No. 1, I would say to the gentleman in answer to the statement he has made, that certainly neither he nor I are concerned about covering the $1 billion accounts for the Rockefellers or people like that.

Mr. GROSS. All right.

Mr. ST GERMAIN. Let me make one thing clear. The gentleman used the word "banks." The commercial banks are opposed to this increase. The thrift institutions, the credit unions are requesting this increase.

As to the FDIC, it does not lend money to banks. It is not like the Federal Reserve.

Mr. GROSS. The gentleman is not fully acquainted with what the FDIC is doing these days. The FDIC is making direct loans.

Mr. ST GERMAIN. To banks and financial institutions?

Mr. GROSS. To failing banks, for instance, banks that are in jeopardy and in danger of failure, the FDIC is making loans.

Mr. ST GERMAIN. I think the gentleman is using the word "loan" for another technique that is involved, wherein where there is a bank that is failing the FDIC will assist a bank that takes over the failing bank, to make that institution whole, and as a result thereby avoid the drain on the FDIC fund for payment out to the depositors of the $20,000.

Mr. GROSS. I am just trying to find out whether the FDIC is a deposit insurance organization or how far it is going to go in the matter of making loans, particularly to banks that are in danger of failing. They have been making those loans and they made one the other day to Westgate in California. I believe that is the name of the institution.

Mr. ST GERMAIN. I would say to the gentleman, with respect to the USNB, the U.S. National Bank in San Diego, their failure has been the subject of hearings before the Subcommittee on Bank Supervision and Insurance of the Committee on Banking and Currency. We have been having hearings in the field and we will be having further hearings with the FDIC on whether or not they acted correctly.

Mr. WILLIAMS. Mr. Chairman, I move to strike the requisite number of words. I would like to say to my distinguished colleague, the gentleman from Iowa (Mr. GROSS), that certainly the Federal Deposit Insurance money is insuring the deposits, and if anybody in this Chamber can find someone who is willing to write any type of insurance free I would certainly like to know about it.

However, during the life of the FDIC they have built up a surplus of billions of dollars. In the very small number of cases where they have had failures people have recovered their money, so that no longer is it possible for us to have a bank failure such as we had in 1929.

This is a very poor argument as to the cost of insurance. If we have an FHA insurance on our house, we are paying one-half of 1 percent to have that FHA mortgage guaranteed.

In addition, we are not talking about insuring Rockefellers or others who have a billion-dollar account, because they have their own assets, their own bank balances for their tens of millions. That

particular point has no effect in the discussion, because we are not covering that.

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

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

Mr. WYLIE. What is wrong with continuing the insurance on governmental agencies on the same basis as private depositors, just as we have since this law was enacted in 1932? If we increase deposit insurance to $50,000, I do not see too much wrong with that.

Mr. WILLIAMS. I have already given answer to that. The statement was made here that this is a great victory for the thrift institutions, namely, the saving and loan and mutual savings banks, and they are the only source of mortgage money. If you want to rewrite the law to make it fair, then we must give to the thrift institutions the right to have checking accounts and all the other benefits of commercial banks. One can borrow $5 million or $10 million at a commercial bank for a shopping center, for an office building, but one cannot borrow $45,000 or $50,000 for a home mortgage.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I would like to make this point, that while State and local obligations may serve as collateral, their significance as collateral is not as important as might be imagined. Banks purchase these obligations for their value as investments and not for use as collateral. This collateral goes from $100 million. State and municipal obligations are not subject to Federal purchase of these obligations by banks as a matter of economic attractiveness. In fact, more than 50 percent of the after-tax income of commercial banks comes from tax-free municipal bonds. Also, banks purchase municipal obligations as a form of civic participation, and this factor will also influence their purchase of municipal obligations, so that the bond market will remain whole.

Mr. WILLIAMS. I would like also to report just one personal case and this will apply to anyone in this Chamber. Somebody went to a mutual savings bank and got a mortgage commitment and on the basis of that mortgage commitment they went to a commercial bank to get the construction mortgage money. On the construction mortgage money they were charged 11½ percent, with the additional proviso that that money will be placed in a checking account of that bank and drew no interest and a voucher system had to be used where the builder would submit a voucher and the bank would pay the voucher directly.

Anyone building a home and paying 11½ percent for a construction mortgage with all the other requirements included in that, and that one deal would apply to any one of us, it would be enough to convince us.

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

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

Mr. WYLIE. Does not the language on page 3 and the language on page 5 bother the gentleman a little bit, where it says the corporation may limit the aggregate amount of funds that may be deposited in any insured bank? Does the gentleman not think that is a high-handed way of telling a public depositor what he can or cannot do with his money?

Mr. WILLIAMS. No. This body sets up a corporation and chooses to delegate to it certain responsibilities. It is like the gentleman saying, "Do I disagree with the Federal Reserve Board being established?" My answer to this would be "No."

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

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Ohio (Mr. WYLIE).

I will not cite chapter and verse on the local bond market turmoil that would result from adoption of this bill as written. The gentleman sponsoring this amendment and others have thoroughly explained the direct tie-in between public deposits and bank support of the local municipal bond market. By adopting this bill even with the Stephen amendment, we would precipitously sever that relationship, significantly soften the market for local debt issues, and thereby legislate increased debt service costs for State and local taxpayers. Indeed, after having just ostentatiously thrust the hand of fiscal relief via revenue sharing through the front door, we now find ourselves reaching through the back door to pilfer some of the gain. Is there any wonder that public confidence in the Federal Government has plummeted to such an all-time low?

Aside from the immediate impact of the committee bill, I want to express strong dissatisfaction with the philosophy that underlies it. It has been obvious for a number of years now that merely piling more layers of regulatory redtape on financial institutions, and offering still further special advantages, subsidies, and other incentives is not going to improve the financial viability of thrift institutions nor significantly strengthen the mortgage market. As the Hunt Commission report has effectively demonstrated, the primary result of the jerry-built financial regulatory framework we have fashioned over the years, despite our good intentions, has been serious inefficiency, misallocation of resources, recurrent bouts of disintermediation, and gross inequities among different classes of savers and borrowers. Isn't it about time, then, that instead of turning to the ever handy brush-and-glue pot for still another "emergency" fix, we look for a more fundamental and lasting solution?

The ostensible aim of this public insurance provision is to increase the flow of deposits into thrift institutions in order to compensate for the massive outflow of funds suffered by them last summer. But was not that a classic case of disintermediation in which the spread between institutional rates and the open market rates became so great as to create an irresistible vacuum? And is it not also the case that we have so tied the hands of thrift institution managers with mortgage rate ceilings and restrictive terms, limits on deposit interest rates, curbs on asset and lending powers, detailed regulation of portfolio composition, and stringent limitations on services which may be offered that they are nearly helpless in the face of open market competition?

I fear that in our laudable efforts to preserve and bolster a specialized industry to support the mortgage market, we may have some close to creating an overprotected financial paraplegic; and one that is having an increasingly difficult time coping with the buffeting winds of the otherwise financial market of which it is a part.

Although the committee has promised again and again that just one more band-aid will reverse the attrition, I think it should be clear by now that major surgery not a tourniquet is called for. The Hunt Commission, the legislation proposed by the administration last fall, and the testimony of scores of economists who have studied the thrift institution problem all point to a more viable solution: Remove the hampering regulations on thrift institution financial activities as well as the special benefits, privileges and protections—of which the committee bill offers just one more—and allow them to compete in the open market as full-fledged consumer finance agencies.

If after doing this the mortgage market still needs support, then a tax credit or some other simple and direct subsidy might be fully justified. By adopting this amendment we can signal to those with jurisdictional responsibilities over these matters that basic reforms rather than more stop-gap expedients ought to be moved to the top of the agenda.

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

Mr. ANDERSON of Illinois. Mr. Chairman, I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I thank the gentleman for yielding to me, and I congratulate him on his position.

There was a litany of experts I cited earlier in debate; the Independent Bankers Association, the National Securities Agents Association, the Federal Reserve Board, the Treasury Department, the National Association of Municipal Finance Officers; all these groups stated their very great fear as to what this is going to do to their bond markets, and the fact that we could bring the bill to the floor in this condition makes the bill questionable.

Certainly as to title I, if we are going to pass the bill, this title should be stricken. Therefore, I do support the amendment.

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

Mr. ANDERSON of Illinois. Mr. Chairman, I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, I thank the gentleman for yielding to me. I think he is making an excellent statement and an outstanding contribution.

I have a letter from the Municipal Finance Officers Association of the United States and Canada which says in part:

The most serious impact of full insurance falls on the municipal bond market. This comes from the widespread use of pledging requirements by State and Federal governments; the large volume of public deposits and, hence, large sums involved in pledging; and the fact that State and local obligations are used for pledging in massive proportion.

Mr. Chairman, I do think the gentleman, as I say, is making an argument which ought to be considered carefully.

Mr. ANDERSON of Illinois. Mr. Chairman, I point to the very excellent minority views of the gentleman from California (Mr. HANNA) where he pointed out that what the committee has done in this case is to act piecemeal on a very fundamental problem. This legislation unless amended, would merely compound a series of errors we have committed through the years. The fundamental philosophy of this is wrong.

Mr. Chairman, I support the amendment of the gentleman from Ohio.

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

(At the request of Mr. WILLIAMS and by unanimous consent, Mr. ANDERSON of Illinois was allowed to proceed for an additional 2 minutes.)

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

Mr. ANDERSON of Illinois. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. WILLIAMS. Mr. Chairman, my esteemed colleague from Illinois (Mr. ANDERSON) made the point in his earlier remarks that to permit the thrift institutions to keep one-quarter of 1 percent additional interest which they are allowed to pay to their distributors, would be inequitable.

If the gentleman is in favor of equity, is the gentleman also in favor of going even further in establishing equity and permitting the thrift institutions to have the checking accounts which the commercial banks have at the present time?

Mr. ANDERSON of Illinois. Mr. Chairman, I was going to say, if I had time, that rather than adopt this amendment which, I think, is just another one of those band-aids that we have been trying to put on the problem for many years, we ought to embrace more of the recommendations of the Hunt Commission. We ought to try to introduce some real equity as far as our financial institutions are concerned.

Mr. WILLIAMS. Mr. Chairman, the gentleman is familiar with the amendment which has already been accepted, the amendment offered by the gentleman from Georgia (Mr. STEPHENS); is he not?

Mr. ANDERSON of Illinois. Yes. I do not think the gentleman's amendment, however, is going to relieve my concern with the impact this bill could have on the municipal bond market.

In my little town, in northwestern Illinois, we do not go to Wall Street to market those bonds; we market them locally. I believe if we eliminate that tie between the local banks and the municipal bond market, we are going to, as I stated, increase the debt service charges of local governments.

Mr. WILLIAMS. Mr. Chairman, the gentleman is referring to the Hunt report. The conclusions of the Hunt report have been questioned by many, many experts in banking, and I do think that many of the inequities that may have existed in this bill have been removed by the amendment offered by the gentleman from Georgia, the amendment which has been adopted.

Mr. ANDERSON of Illinois. Mr. Chairman, let me say in conclusion that I could not agree more with the gentleman from Pennsylvania, that the thrift institutions ought to be permitted to compete in the open market as full-fledged consumer financing institutions. I do not have any reservations about that at all.

However, we are not achieving that goal or that objective by adopting this legislation in the form which it is in before us now.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. ANDERSON) has expired.

(On request of Mr. ST GERMAIN and by unanimous consent, Mr. ANDERSON of Illinois was allowed to proceed for 1 additional minute.)

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. Mr. Chairman, I will point out a couple of things to the gentleman.

I am sure the gentleman is aware there are 14 States which do not have this requirement, which do not require collateral.

The other point is that the gentleman cited the figure from the Federal Reserve Board report of $40 billion in bonds.

Mr. ANDERSON of Illinois. Yes.

Mr. ST GERMAIN. Now, I stated this earlier, and I will ask the gentleman this: In the gentleman's opinion, why is it that commercial banks, although they are only required to hold $40 billion as collateral for public deposits, nonetheless hold $100 billion in these securities, $60 billion more than they are required to hold?

Does the gentleman not think that the bank in his little town would not continue to buy these municipal bonds as a social obligation if they are not marketable bonds which have been put on the market?

Mr. ANDERSON of Illinois. Mr. Chairman, I do not think we can make that generous assumption. Banks are in the business of making money, although I am sure they are as socially minded as anyone else.

However, to assume, once we remove the incentives that are now in the law and replace them with what we have in the bill coming out of the gentleman's committee, that is not going to have an impact on the local municipal bond market, I think, is to clearly ignore the facts.

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

Mr. Chairman, I will be brief.

To answer the question which the gentleman from Rhode Island raised about the 14 States that do not require collateral. In many of the cases where the treasurer of a local unit of government or public funds wishes to deposit funds, he will request that collateral back up his deposit.

So just because there is not a State law requiring it in those 14 States does not mean that the treasurer or the financial officer of those public funds does not require that kind of collateral. In most cases such collateral is demanded by responsible financial officers of public funds.

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

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. ST GERMAIN. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. ROUSSELOT

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

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: Page 7, line 16, strike out "$50,000" and insert in lieu thereof "$35,000", and on page 8, line 9, strike out "$50,000" and insert in lieu thereof "$35,000", and on page 8, line 23, strike out "$50,000" and insert in lieu thereof "$35,000".

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

Mr. ROUSSELOT. Mr. Chairman, the purpose of the Rousselot-Crane amendment is to reduce the deposit insurance on individual accounts from the $50,000 maximum recommended in the committee bill to a more reasonable figure of $35,000. As reported by the Banking and Currency Committee, H.R. 11221 would provide for an increase in the ceiling on deposit insurance from the present $20,000 to $50,000 for accounts in commercial banks, mutual savings banks, savings and loan associations, and credit unions.

I believe that the proposed increase in the deposit insurance on individual accounts from $20,000 to $50,000, a jump of 150 percent, is excessive for the following reasons:

First. It is expected that the Banking and Currency Committee will take up the whole issue of reform and restructuring of our Nation's financial institutions later this year. To increase the deposit insurance by 150 percent at this time exceeds reasonable needs and enters the realm of affecting the balances among the various types of financial institutions, a step which should only be taken with sufficient knowledge of what these effects will be.

Second. There is little evidence to support the theory that the major increase in savings accounts will be in thrift institutions, due to the attraction of the differential in interest rates, thereby boosting the home mortgage market. There is no way in which to predict with any accuracy the projected trends in the increases in types of accounts.

Third. The last two increases in the deposit insurance, from $10,000 to $15,000, and from $15,000 to the present $20,000, were enacted on October 16, 1966, and December 23, 1969, respectively. According to the consumer price index, which measures the rate of inflation, the cost of living rose 14.5 percent during the 3-year period between December 1966 and December 1969, and in December 1969 the deposit insurance was increased 33⅓ percent. During the 4-year period between December 1969 and December 1973, the cost of living has risen 22.7 percent, and to compensate for this, the committee bill proposes to increase the deposit insurance 150 percent. In reality, a raise to $25,000 would be adequate to compensate for the inflation that has taken place since 1969. Surely it cannot be claimed, even in the midst of an economic stabilization program and after two dollar devaluations, that the rise in the cost of living justifies a 150-percent increase in the deposit insurance from $20,000 to $35,000, a 75-percent increase, is far more realistic.

Fourth. Both Chairman Wille of the FDIC, which insures commercial banks and mutual savings banks, and Chairman Bomar of the FHLBB, which administers the insurance of savings and loan associations by the FSLIC, expressed their preference for an increase to a figure of $30,000 to $35,000. Both chairmen agreed that the issue of inflation was not sufficient to justify the proposed increase to $50,000.

Fifth. The increase in the exposure to the insurance funds would be approximately double under the committee's $50,000 maximum as compared to the $35,000 maximum we support.

Sixth. Such a tremendous increase in the deposit insurance, from $20,000 to $50,000, would change the emphasis from protection of the depositor to protection of the banker. Witnesses from the financial community presented with great forcefulness the position that the present system of deposit insurance provides an incentive to the management of these financial institutions to operate under sound practices in order to attract depositors with large accounts.

Seventh. Under the $20,000 maximum as provided by present law, a family of four through a combination of accounts can have insured coverage up to $280,000 in a single institution; and there is no limitation on the number of institutions where this can be duplicated. Using the same family of four as an example, under the $35,000 maximum that we support, the amount insurable in a single institution through this same combination of accounts would jump to $490,000 which would seem to be ample even for the most affluent.

I urge my colleagues to support the Rousselot-Crane amendment to provide an increase in the deposit insurance on individual accounts from $20,000 to $35,000, an amount which generously provides for the inflation which has taken place since 1969, the date of the last increase, as well as a margin of safety for the savers who place their money in these federally insured institutions.

Mr. ST GERMAIN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California (Mr. ROUSSELOT).

Mr. Chairman, I believe that the debate has been thorough on this particular amendment also, as we have gone through the day. The increase from $20,000 to $50,000 would cause no additional cost whatsoever to the depositor. It is an opportunity for the House of Representatives to say that this is an exception to the usual rule, and that here we are giving you something for nothing.

Further, in 1963 the Federal Home Loan Bank Board advocated the $25,000 insurance limitation, and we, 10 years later, are now trying to catch up with a bill bringing it up to $50,000.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The amendment was rejected.

The CHAIRMAN. Are there further amendments?

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. STEPHENS. Mr. Chairman, my parliamentary inquiry is this: If we have a vote on the Wylie amendment, on the floor of the House, will that not in effect be to strike, if not overridden, would that in effect knock out my amendment, and if we vote it down it would restore my amendment?

The CHAIRMAN. The Chair will state that that is an inquiry which should be addressed to the Speaker when we go back into the House.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MATSUNAGA, 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. 11221) to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000, pursuant to House Resolution 794, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

Mr. ST GERMAIN. Which amendment, Mr. Speaker—the committee amendment?

The SPEAKER. The question is on the amendment adopted in the Committee of the Whole.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ST GERMAIN. 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.

Mr. STEPHENS. Which amendment are we voting on, Mr. Speaker? The amendment adopted in the Committee of the Whole?

The SPEAKER. The amendment adopted in the Committee of the Whole.

Without objection, the Clerk will read the amendment.

The Clerk read as follows:

Amendment: Strike out section 1 of the bill.

PARLIAMENTARY INQUIRY

Mr. WYLIE. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WYLIE. If this amendment is not adopted now, then the bill will revert back to the bill as reported by the Committee on Banking and Currency; is that not correct?

The SPEAKER. The Chair's understanding is that it will revert back to the original bill without the committee amendment.

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STEPHENS. Would that also be without the amendment that was adopted as far as my amendment is concerned?

The SPEAKER. The answer is "yes."

PARLIAMENTARY INQUIRY

Mr. WILLIAMS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WILLIAMS. While the bill was under consideration, under section 1 an amendment was adopted which was offered by Mr. STEPHENS of Georgia. At a later time an amendment was offered by Mr. WYLIE to section 1 to strike section 1. If the amendment offered by Mr. WYLIE in the Committee of the Whole is now defeated in the Whole House, does not that continue Mr. STEPHENS' amendment in the bill.

The SPEAKER. The answer is "no." If the Wylie amendment is defeated, the House will have before it the bill as reported by the committee, without any amendment to section 1.

Mr. ST GERMAIN. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The Chair wishes to make clear the parliamentary situation. Several amendments were adopted to section 1. Subsequently an amendment offered by the gentleman from Ohio (Mr. WYLIE) striking section 1 was adopted. That is the only amendment reported to the House, the amendment striking section 1.

The vote now is, at the request of the gentleman from Rhode Island (Mr. ST GERMAIN), on the Wylie amendment striking section 1. If that amendment is adopted, then section 1 is eliminated. If that amendment is defeated, section 1 is back in the bill without any amendment.

PARLIAMENTARY INQUIRY

Mr. ST GERMAIN. A further parliamentary inquiry, Mr. Speaker. At the time when the amendment was offered by the gentleman from Ohio (Mr. WYLIE), the Stephens amendment to section 1 had been adopted. It was in-

corporated as part of section 1. If we should reverse that action on the Wylie amendment, do we not then reinstate the Stephens amendment to section 1 as it was at the time it was adopted?

The SPEAKER. As the Chair understands it, the Stephens amendment was not reported from the Committee of the Whole. The Stephens amendment was adopted, but then the entire section was stricken, and if the entire section remains stricken nothing on it will be in the bill. If the amendment is defeated striking the section, the text of the bill, as introduced, will be before the House, without the Stephens amendment.

The question is on the amendment.

Mr. ST GERMAIN. Mr. Speaker, I objected to the vote on the ground that a quorum was not present.

The SPEAKER. And a quorum was not present.

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Speaker, a further parliamentary inquiry. If this is voted down, then should we not have an opportunity to consider my amendment?

The SPEAKER. The only way the amendment could be voted on would be a motion to recommit.

The question is on the amendment.

The gentleman from Rhode Island has objected to the vote on the ground that a quorum was not present and has made a point of order that a quorum was not present and the Chair announced that evidently a quorum was not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device; and there were—yeas 170, nays 202, answered "present" 34, not voting 23, as follows:

[Roll No. 16]

YEAS—170

Abdnor	Devine	Litton
Anderson, Ill.	Dickinson	Lujan
Andrews, N. Dak.	Downing	McClory
	Duncan	McCloskey
Archer	du Pont	McCollister
Arends	Erlenborn	McDade
Baker	Esch	McKinney
Bauman	Eshleman	Macdonald
Beard	Evins, Tenn.	Madigan
Bell	Findley	Mahon
Bergland	Fisher	Mallary
Blackburn	Flowers	Maraziti
Bray	Frenzel	Martin, Nebr.
Breaux	Frey	Martin, N.C.
Breckinridge	Fulton	Mayne
Broomfield	Goldwater	Mezvinsky
Brown, Ohio	Gross	Michel
Buchanan	Gubser	Milford
Burke, Fla.	Guyer	Miller
Burleson, Tex.	Hanrahan	Mitchell, N.Y.
Burlison, Mo.	Hansen, Idaho	Mizell
Butler	Harsha	Moorhead, Calif.
Byron	Hastings	
Carter	Heckler, Mass.	Mosher
Casey, Tex.	Heinz	Murphy, N.Y.
Cederberg	Hinshaw	Natcher
Clancy	Hogan	Nelsen
Cohen	Holt	Patten
Collins, Tex.	Horton	Perkins
Conable	Hosmer	Peyser
Conlan	Hudnut	Pickle
Conte	Hutchinson	Poage
Coughlin	Jarman	Powell, Ohio
Crane	Johnson, Colo.	Price, Tex.
Culver	Johnson, Pa.	Pritchard
Daniel, Robert W., Jr.	Jones, Tenn.	Quie
	Ketchum	Railsback
Davis, Wis.	King	Rarick
de la Garza	Kuykendall	Rhodes
Denholm	Landgrebe	Robinson, Va.
Dennis	Latta	Roncalio, Wyo.
Derwinski	Lehman	Rousselot
Roy	Staggers	Waggonner
Runnels	Stanton, J. William	Wampler
Ruth		Ware
Sandman	Stark	White
Satterfield	Steiger, Ariz.	Whitehurst
Scherle	Stubblefield	Widnall
Schneebeli	Symms	Wiggins
Sebelius	Taylor, Mo.	Wylie
Shoup	Teague	Wyman
Shriver	Thomson, Wis.	Young, Alaska
Shuster	Thone	Young, Fla.
Sikes	Towell, Nev.	Young, Ill.
Skubitz	Treen	Young, S.C.
Slack	Udall	Young, Tex.
Smith, Iowa	Vander Jagt	Zion
Spence	Veysey	Zwach

NAYS—202

Abzug	Giaimo	Pepper
Adams	Gilman	Pettis
Addabbo	Ginn	Podell
Alexander	Gonzalez	Preyer
Andrews, N.C.	Grasso	Price, Ill.
Annunzio	Green, Oreg.	Randall
Ashley	Green, Pa.	Rangel
Aspin	Griffiths	Reuss
Badillo	Gude	Riegle
Bafalis	Gunter	Rinaldo
Barrett	Hamilton	Roberts
Bennett	Hammer-schmidt	Robison, N.Y.
Bevill		Rodino
Biaggi	Hanley	Roe
Biester	Hanna	Roncallo, N.Y.
Bingham	Hansen, Wash.	Rooney, Pa.
Blatnik	Harrington	Rose
Boggs	Hawkins	Rosenthal
Boland	Hays	Rostenkowski
Bolling	Hébert	Roush
Bowen	Hechler, W. Va.	Roybal
Brademas	Helstoski	Ryan
Brinkley	Henderson	St Germain
Brotzman	Hicks	Sarasin
Brown, Calif.	Holifield	Sarbanes
Brown, Mich.	Holtzman	Schroeder
Broyhill, N.C.	Howard	Seiberling
Burgener	Hungate	Shipley
Burke, Calif.	Ichord	Sisk
Burke, Mass.	Johnson, Calif.	Smith, N.Y.
Burton	Jones, N.C.	Snyder
Carey, N.Y.	Jordan	Stanton, James V.
Carney, Ohio	Karth	
Chamberlain	Kastenmeier	Steed
Chappell	Kazen	Steele
Chisholm	Kemp	Stephens
Clark	Kluczynski	Stokes
Clay	Koch	Stratton
Cochran	Kyros	Studds
Collins, Ill.	Landrum	Sullivan
Conyers	Leggett	Symington
Corman	Lent	Talcott
Cotter	Long, Md.	Taylor, N.C.
Cronin	Lott	Thompson, N.J.
Daniels, Dominick V.	McCormack	Thornton
	McFall	Tiernan
Danielson	McKay	Ullman
Davis, Ga.	Madden	Van Deerlin
Delaney	Mann	Vanik
Dellenback	Mathis, Ga.	Vigorito
Dellums	Matsunaga	Waldie
Dent	Mazzoli	Whalen
Diggs	Meeds	Whitten
Dingell	Melcher	Williams
Donohue	Metcalfe	Wilson, Bob
Dorn	Minish	Wilson, Charles H., Calif.
Drinan	Mitchell, Md.	
Dulski	Moakley	
Eckhardt	Montgomery	Wilson, Charles, Tex.
Edwards, Calif.	Moorhead, Pa.	
Eilberg	Moss	Wolff
Fascell	Murphy, Ill.	Wright
Flynt	Nedzi	Wyatt
Foley	Nichols	Wydler
Ford	Nix	Yates
Forsythe	Obey	Yatron
Fountain	O'Hara	Young, Ga.
Fuqua	O'Neill	Zablocki
Gaydos	Owens	
Gettys	Patman	

ANSWERED "PRESENT"—34

Anderson, Calif.	Frelinghuysen	Morgan
	Froehlich	O'Brien
Armstrong	Goodling	Pike
Brooks	Gray	Quillen
Camp	Grover	Rees
Clawson, Del	Hillis	Regula
Cleveland	Huber	Rogers
Collier	Hunt	Ruppe
Edwards, Ala.	Jones, Okla.	Steiger, Wis.
Daniel, Dan	Long, La.	Walsh
Evans, Colo.	McEwen	Winn
Flood	Minshall, Ohio	

NOT VOTING—23

Ashbrook	Gibbons	Mollohan
Brasco	Haley	Myers
Broyhill, Va.	Jones, Ala.	Parris
Clausen, Don H.	McSpadden	Passman
	Mailliard	Reid
Davis, S.C.	Mathias, Calif.	Rooney, N.Y.
Fish	Mills	Steelman
Fraser	Mink	Stuckey

So the amendment was rejected.

The Clerk announced the following pairs:

Mr. Passman with Mr. Stuckey.

Mr. Rooney of New York with Mr. McSpadden.

Mr. Brasco with Mr. Steelman.

Mr. Haley with Mr. Ashbrook.

Mr. Mollohan with Mr. Fish.

Mr. Reid with Mr. Mathias of California.

Mr. Fraser with Mr. Broyhill of Virginia.

Mr. Gibbons with Mr. Myers.

Mr. Jones of Alabama with Mr. Don H. Clausen.

Mrs. Mink with Mr. Parris.

Mr. Mills with Mr. Davis of South Carolina.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. BLACKBURN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BLACKBURN. Mr. Speaker, as I understand the procedure, with the defeat of the Wylie amendment in the Whole House, we have now before us the original bill, and the original bill did not contain the provision which would have permitted credit unions to share in such deposits.

Now, Mr. Speaker, am I correct in that? If the credit union provision was added by the committee, are we not now back to the original bill?

The SPEAKER. The Chair will state that the committee amendment on page 7 is no longer in the bill, as it was not reported from Committee of the Whole.

The question is on the engrossment and third reading of the bill.

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

MOTION TO RECOMMIT

Mr. BLACKBURN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BLACKBURN. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BLACKBURN moves to recommit the bill H.R. 11221 to the Committee on Banking and Currency.

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STEPHENS. Mr. Speaker, is a straight motion to recommit amendable?

The SPEAKER. Not when the previous question is ordered. If the previous question is ordered, it is not amendable.

Mr. STEPHENS. In other words, in order to give me a chance, we will have to vote down the previous question.

The SPEAKER. Without objection, the previous question is ordered.

Mr. ASHLEY. Mr. Speaker, I object.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. BLACKBURN. Mr. Speaker, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 122, noes 259, answered "present" 24, not voting 24, as follows:

[Roll No. 17]

AYES—122

Abdnor	Findley	Moorhead, Calif.
Alexander	Fisher	Patten
Andrews, N. Dak.	Forsythe	Poage
Arends	Froehlich	Powell, Ohio
Baker	Fulton	Price, Tex.
Bauman	Goldwater	Pritchard
Beard	Goodling	Railsback
Bergland	Griffiths	Rarick
Blackburn	Gross	Rhodes
Bray	Hanrahan	Robinson, Va.
Breckinridge	Hansen, Idaho	Rousselot
Broomfield	Harsha	Roy
Brown, Mich.	Hastings	Ruth
Brown, Ohio	Hillis	Satterfield
Buchanan	Hinshaw	Scherle
Burke, Fla.	Holt	Schneebeli
Burleson, Tex.	Horton	Sebelius
Burlison, Mo.	Hosmer	Shriver
Carter	Hudnut	Shuster
Casey, Tex.	Hunt	Skubitz
Chamberlain	Hutchinson	Smith, Iowa
Clancy	Jarman	Snyder
Clawson, Del	Johnson, Colo.	Spence
Collins, Tex.	Jones, N.C.	Stark
Conable	Jones, Tenn.	Steiger, Ariz.
Conlan	Kazen	Stubblefield
Crane	Ketchum	Symms
Culver	King	Talcott
Daniel, Robert W., Jr.	Landgrebe	Taylor, Mo.
Davis, Wis.	McClory	Teague
Denholm	McCollister	Towell, Nev.
Dennis	Madigan	Treen
Devine	Mahon	Udall
Dickinson	Maraziti	Waggonner
Dingell	Martin, Nebr.	Wampler
Duncan	Martin, N.C.	Wiggins
Edwards, Ala.	Mayne	Wylie
Erlenborn	Mezvinsky	Young, Fla.
Esch	Michel	Young, S.C.
Evins, Tenn.	Milford	Zion
	Mitchell, N.Y.	
	Mizell	

NOES—259

Abzug	Cederberg	Ford
Adams	Chappell	Fountain
Addabbo	Chisholm	Frey
Anderson, Calif.	Clark	Fuqua
Anderson, Ill.	Clay	Gaydos
Andrews, N.C.	Cochran	Gettys
Annunzio	Cohen	Giaimo
Archer	Collins, Ill.	Gilman
Ashley	Conte	Ginn
Aspin	Conyers	Gonzalez
Badillo	Corman	Grasso
Bafalis	Cotter	Gray
Barrett	Coughlin	Green, Oreg.
Bell	Cronin	Green, Pa.
Bennett	Daniels, Dominick V.	Gubser
Bevill	Danielson	Gude
Biaggi	Davis, Ga.	Gunter
Biester	de la Garza	Guyer
Bingham	Delaney	Hamilton
Blatnik	Dellenback	Hammer-schmidt
Boggs	Dellums	Hanley
Boland	Dent	Hanna
Bolling	Derwinski	Hansen, Wash.
Bowen	Diggs	Harrington
Brademas	Donohue	Hawkins
Breaux	Dorn	Hébert
Brinkley	Downing	Hechler, W. Va.
Brotzman	Drinan	Heckler, Mass.
Brown, Calif.	Dulski	Heinz
Broyhill, N.C.	du Pont	Helstoski
Burgener	Eckhardt	Henderson
Burke, Calif.	Edwards, Calif.	Hicks
Burke, Mass.	Eilberg	Hogan
Burton	Eshleman	Holifield
Butler	Fascell	Holtzman
Byron	Flowers	Howard
Carey, N.Y.	Flynt	Hungate
Carney, Ohio	Foley	Ichord
Johnson, Calif.	Nix	Stanton, J. William
Johnson, Pa.	Obey	Steed
Jordan	O'Hara	Steele
Karth	O'Neill	Stephens
Kastenmeier	Owens	Stokes
Kemp	Patman	Stratton
Kluczynski	Pepper	Studds
Koch	Perkins	Sullivan
Kuykendall	Pettis	Symington
Kyros	Peyser	Taylor, N.C.
Landrum	Pickle	Thompson, N.J.
Latta	Pike	Thomson, Wis.
Leggett	Podell	Thone
Lehman	Preyer	Thornton
Lent	Price, Ill.	Tiernan
Litton	Quie	Ullman
Long, Md.	Randall	Van Deerlin
Lott	Rangel	Vander Jagt
Lujan	Rees	Vanik
McCloskey	Regula	Veysey
McCormack	Reuss	Vigorito
McDade	Riegle	Waldie
McFall	Rinaldo	Ware
McKay	Roberts	Whalen
McKinney	Robison, N.Y.	White
Macdonald	Rodino	Whitehurst
Madden	Roe	Whitten
Mallary	Roncalio, Wyo.	Widnall
Mann	Roncallo, N.Y.	Williams
Mathis, Ga.	Rooney, Pa.	Wilson, Bob
Matsunaga	Rose	Wilson, Charles H., Calif.
Mazzoli	Rosenthal	Wilson, Charles, Tex.
Meeds	Rostenkowski	Wolff
Melcher	Roush	Wright
Metcalfe	Roybal	Wyatt
Miller	Runnels	Wydler
Minish	Ryan	Wyman
Mink	St Germain	Yates
Mitchell, Md.	Sandman	Yatron
Moakley	Sarasin	Young, Alaska
Montgomery	Sarbanes	Young, Ga.
Moorhead, Pa.	Schroeder	Young, Ill.
Mosher	Seiberling	Young, Tex.
Moss	Shipley	Zablocki
Murphy, Ill.	Shoup	Zwach
Murphy, N.Y.	Sikes	
Natcher	Sisk	
Nedzi	Slack	
Nelsen	Smith, N.Y.	
Nichols	Staggers	

ANSWERED "PRESENT"—24

Armstrong	Frelinghuysen	Morgan
Brooks	Grover	O'Brien
Camp	Hays	Quillen
Cleveland	Huber	Rogers
Collier	Jones, Okla.	Ruppe
Daniel, Dan	Long, La.	Steiger, Wis.
Evans, Colo.	McEwen	Walsh
Flood	Minshall, Ohio	Winn

NOT VOTING—24

Ashbrook	Gibbons	Parris
Brasco	Haley	Passman
Broyhill, Va.	Jones, Ala.	Reid
Clausen, Don H.	McSpadden	Rooney, N.Y.
Davis, S.C.	Mailliard	Stanton, James V.
Fish	Mathias, Calif.	Steelman
Fraser	Mills	Stuckey
Frenzel	Mollohan	
	Myers	

So the previous question was not ordered.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Stuckey.
Mr. Passman with Mr. Gibbons.
Mr. Brasco with Mr. Fish.
Mr. Reid of New York with Mr. Don H. Clausen.
Mr. Haley with Mr. Frenzel.
Mr. Mollohan with Mr. Ashbrook.
Mr. Jones of Alabama with Mr. Mailliard.
Mr. Mills with Mr. Broyhill of Virginia.
Mr. McSpadden with Mr. Mathias of California.
Mr. James V. Stanton with Mr. Myers.
Mr. Davis of South Carolina with Mr. Parris.
Mr. Fraser with Mr. Steelman.

The result of the vote was announced as above recorded.

AMENDMENT TO THE MOTION TO RECOMMIT OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Speaker, I offer an amendment to the motion to recommit.

Mr. BROWN of Michigan. Mr. Speaker, at the appropriate time I wish to reserve a point of order to the amendment to the motion to recommit.

The SPEAKER. The Chair will protect the gentleman.

The Clerk will report the amendment to the motion to recommit.

The Clerk read as follows:

Amendment offered by Mr. ASHLEY to the motion to recommit offered by Mr. Blackburn: At the end of the motion, add the following instructions: With instructions to report back forthwith with the following amendment: On page 7, immediately after line 2, insert the following new subsection:

(d) Section 107(7) of the Federal Credit Union Act (12 U.S.C. 1757(7)) is amended by adding at the end thereof the following: "; and to receive from an officer, employee, or agent of those nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act (12 U.S.C. 1787) and in the manner so prescribed payments on shares, share certificates, and share deposits".

And on page 2, section (2) lines 16 through 25 be eliminated and on page 3, lines 1 through 10 be eliminated and that the following language be inserted in lieu thereof:

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank in such State;

"(iii) an officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank in the District of Columbia; or

"(iv) an officers, employee, or agent of the Commonwealth of Puerto Rico, of the Virgin Islands, of American Samoa, or of Guam, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank in the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, or Guam, respectively;"

And that on page 3, section (B), lines 13 through 17 be eliminated and the following language be inserted:

"(B) The Corporation may limit the aggregate amount of funds that may be invested or deposited in time deposits in any insured bank by any depositor referred to in subparagraph (A) of this paragraph on the basis of the size of any such bank in terms of its assets. Provided, however, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required."

Mr. ASHLEY (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the amendment to the motion to recommit be dispensed with.

Mr. ROUSSELOT. Mr. Speaker, I object. We have not seen this and we have no copy available and we have a right to see it. I object.

The SPEAKER. Objection is heard. The Clerk will continue to report the amendment.

The Clerk continued to read the amendment.

Mr. ASHLEY (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read.

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

Mr. WYLIE. Mr. Speaker, I reserve the right to object. Will the gentleman take the opportunity to explain the amendment?

The SPEAKER. The gentleman from Ohio reserves the right to object.

Mr. ASHLEY. Mr. Speaker, let me say this by way of explanation.

Mr. BLACKBURN. Mr. Speaker, I reserve a point of order.

The SPEAKER. The gentleman from Georgia reserves a point of order.

Mr. ASHLEY. Mr. Speaker, my amendment to the motion to recommit would provide for the insertion of two amendments which were adopted under the 5-minute rule. The first was the committee amendment which simply makes it clear that the committee intended that credit unions be authorized to accept public funds.

The second amendment as adopted under the 5-minute rule was the Stephens amendment, which was overwhelmingly adopted, the provisions of which I am sure are known to the gentleman from Ohio; so that the purpose, I would say, of my motion to recommit is to provide for the two amendments that were adopted under the 5-minute rule I just alluded to.

Mr. WYLIE. Mr. Speaker, I have a further question. As I understand, this is the same Stephens amendment that was offered in the Committee of the Whole. The Stephens amendment, as I attempted to point out during the course of debate, really would have no effect on the 100 percent insurance of public funds provision which was included in the bill which came from the Committee on Banking and Currency, in that it would provide 100 percent insurance for time deposits and would not provide additional insurance for demand deposits; is that not correct?

Mr. ASHLEY. It is correct, of course, to the extent that the commercial lending institutions, the commercial banks, do offer both kinds of deposits. This cannot be said for savings and loan associations and other institutions. They simply do not have sufficient authority to offer it, as the gentleman knows, to offer demand deposits.

Mr. WYLIE. My amendment would have stricken out all of title I, which, simply stated, would have said that public funds would be insured to the same extent as private funds as they are now, to wit, $50,000.

This amendment would again say that deposits in savings and loan institutions, which are in effect time deposits, would all be insured to the extent of 100 percent.

It would also reinstate the differential in interest rates in favor of savings and loans. Would not there be a substantial shifting of public funds from the commercial banks to saving and loans? Is that not the purpose of the amendment?

Mr. ASHLEY. Mr. Speaker, I think the purpose of the amendment was explained by the gentleman from Georgia. I can only characterize it, as the gentleman has done, by saying that it does limit the guarantee of public funds to time deposits. That is the thrust of the amendment of the gentleman from Georgia.

Mr. WYLIE. Mr. Speaker, might not a public depositor or a finance officer of a municipality, say the city of Toledo, be under a legal obligation to transfer deposits, if any, from banks into savings and loans in order to get the one-quarter percent interest rate difference? Might not he be the subject of a lawsuit for violation of his public trust?

Mr. ASHLEY. Not to the best of my knowledge. I quite disagree with the gentleman on that, but I would say this, that the determination as to whether or not a differential is going to exist will be made by the regulatory agencies; not by this Congress, but by the judgments in some regulatory agency.

Mr. WYLIE. Mr. Speaker, I think this amendment makes the bill worse than the way it was reported from committee.

Mr. WILLIAMS. Mr. Speaker, I object, all this debate is out of order.

The SPEAKER. Objection is heard.

The Clerk will read.

The Clerk concluded the reading of the amendment to the motion to recommit.

POINT OF ORDER

Mr. BLACKBURN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BLACKBURN. Mr. Speaker, as I understood the Clerk to read, the gentleman from Ohio is offering a new motion to recommit. A motion to recommit is now before the House which I offered.

As I understand the rules of the House, the gentleman can offer an amendment to the motion to recommit under the existing parliamentary situation, but he cannot offer his own motion to recommit.

Mr. Speaker, I object to his second motion being considered prior to my motion to recommit.

The SPEAKER. The parliamentary situation is that the gentleman from Ohio has offered an amendment to the motion to recommit.

Mr. BLACKBURN. Mr. Speaker, that is not what I thought the Clerk read. He did not say "amendment."

As I recall the language, it was "Committee of the Whole House."

The SPEAKER. The language before the House is an amendment to the motion to recommit offered by the gentleman from Georgia.

Mr. BLACKBURN. Mr. Speaker, I did not hear that. Nobody else heard it.

I would like to hear what the Clerk actually read.

The SPEAKER. Without objection, the Clerk will reread that portion of the amendment previously read.

The Clerk read as follows:

An amendment to the motion to recommit, offered by Mr. ASHLEY of Ohio.

The SPEAKER. The gentleman from Michigan has reserved a point of order.

POINT OF ORDER

Mr. BROWN of Michigan. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Michigan. Mr. Speaker, I make the point of order on the amendment to the motion to recommit on the basis that the last part of the so-called Stephens amendment is not germane to the bill. The last part of the amendment to which I refer is entitled "B", beginning with, "The corporation may limit" and so forth. I say that the final language is not germane to the bill.

That language is as follows:

Provided, however, such limitation may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required.

Mr. Speaker, since the bill deals basically with insuring of accounts and has nothing to do with pledging of collateral, it, therefore, is not germane to the bill.

PARLIAMENTARY INQUIRY

Mr. ASHLEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ASHLEY. Mr. Speaker, I wish to raise a parliamentary inquiry as to whether the point of order was raised by the gentleman from Michigan in a timely fashion.

The SPEAKER. The Chair will state that the gentleman from Michigan (Mr. BROWN) reserved a point of order earlier in the proceedings. The gentleman stated to the Chair that he intended to make a point of order.

Does the gentleman wish to be heard on the point of order? If not, the Chair is prepared to rule.

Does the gentleman from Georgia (Mr. STEPHENS) desire to be heard on the point of order?

Mr. STEPHENS. Yes, Mr. Speaker, I would like to be heard for a moment.

The SPEAKER. The gentleman from Georgia (Mr. STEPHENS) will be heard on the point of order.

Mr. STEPHENS. Mr. Speaker, I wish to state that the gentleman had not made a point of order on this matter in the committee when this first came up, and it is not timely now.

The SPEAKER. Does the gentleman from Michigan (Mr. BROWN) desire to be heard further on the point of order?

Mr. BROWN of Michigan. Mr. Speaker, in response to the gentleman from Georgia (Mr. STEPHENS) I will only say that the fact that the point of order was not raised against the amendment in the Committee of the Whole does not preclude me from offering one in connection with the motion to recommit.

The SPEAKER. The Chair will state that the point of order is timely and it appears clear to the Chair that the question of limitation of funds is in the first section of the bill; and the Chair, therefore, overrules the point of order.

Mr. ASHLEY. Mr. Speaker, I move the previous question on the amendment and on the motion to recommit.

The SPEAKER. Without objection, the previous question is ordered on the amendment and on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the amendment to the motion to recommit.

The amendment to the motion to recommit was agreed to.

The SPEAKER. The question is on the motion to recommit, as amended.

The motion to recommit, as amended, was agreed to.

Mr. ST GERMAIN. Mr. Speaker, pursuant to the instructions of the House, I report the bill—H.R. 11221—back to the House with an amendment.

The Clerk read as follows:

On page 7, immediately after line 2, insert the following new subsection:

(d) Section 107(7) of the Federal Credit Union Act (12 U.S.C. 1757(7)) is amended by adding at the end thereof the following: "; and to receive from an officer, employee, or agent of those nonmember units of Federal State, or local governments and political subdivisions thereof enumerated in section 207 of this Act (12 U.S.C. 1787) and in the manner so prescribed payments on shares, share certificates, and share deposits".

And on page 2, section (2), lines 16 through 25 be eliminated, and on page 3, lines 1 through 10 be eliminated and that the following language be inserted in lieu thereof:

"(i) an officer, employee, or agent of the United States having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank;

"(ii) an officer, employee, or agent of any State of the United States, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank in such State;

"(iii) an officer, employee, or agent of the District of Columbia having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank in the District of Columbia; or

"(iv) an officer, employee, or agent of the Commonwealth of Puerto Rico, of the Virgin Islands, of American Samoa, or of Guam, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing or depositing the same in time deposits in an insured bank in the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, or Guam, respectively;"

And that on page 3, section (B), lines 13 through 17 be eliminated and the following language be inserted:

"(B) The Corporation may limit the aggregate amount of funds that may be invested or deposited in time deposits in any insured bank by any depositor referred to in subparagraph (A) of this paragraph on the basis of the size of any such bank in terms of its assets: *Provided, however,* That such limitations may be exceeded by the pledging of acceptable securities to the depositor referred to in subparagraph (A) of this paragraph when and where required."

Mr. ST GERMAIN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the amendment be dispensed with.

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

There was no objection.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

The SPEAKER. The question is on the passage of the bill

The question was taken; and the Speaker announced the ayes appeared to have it.

Mr. WYLIE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 282, nays 94, answered "present" 30, not voting 23, as follows:

[Roll No. 18]

YEAS—282

Abzug	Forsythe	Moakley
Adams	Fountain	Montgomery
Addabbo	Frey	Moorhead, Calif.
Alexander	Froehlich	Moorhead, Pa.
Anderson, Calif.	Fuqua	Mosher
Anderson, Ill.	Gaydos	Moss
Andrews, N.C.	Gettys	Murphy, Ill.
Andrews, N. Dak.	Giaimo	Murphy, N.Y.
Annunzio	Gilman	Natcher
Arends	Ginn	Nedzi
Ashbrook	Grasso	Nix
Ashley	Gray	Obey
Aspin	Green, Oreg.	O'Hara
Badillo	Green, Pa.	O'Neill
Bafalis	Gubser	Owens
Barrett	Gude	Patman
Bauman	Gunter	Patten
Bell	Guyer	Pepper
Bennett	Hamilton	Perkins
Bevill	Hammer-schmidt	Pettis
Biaggi	Hanley	Peyser
Biester	Hanna	Podell
Bingham	Hansen, Idaho	Powell, Ohio
Blatnik	Hansen, Wash.	Preyer
Boggs	Harrington	Price, Ill.
Boland	Hastings	Pritchard
Bolling	Hawkins	Railsback
Bowen	Hays	Randall
Brademas	Hébert	Rangel
Bray	Hechler, W. Va.	Reuss
Breaux	Heckler, Mass.	Rhodes
Brinkley	Heinz	Riegle
Brotzman	Helstoski	Rinaldo
Brown, Calif.	Henderson	Roberts
Broyhill, N.C.	Hicks	Robison, N.Y.
Burgener	Hinshaw	Rodino
Burke, Calif.	Hogan	Roe
Burke, Fla.	Holifield	Roncalio, Wyo.
Burke, Mass.	Holt	Roncallo, N.Y.
Burton	Holtzman	Rooney, Pa.
Butler	Horton	Rose
Carey, N.Y.	Howard	Rosenthal
Carney, Ohio	Hudnut	Rostenkowski
Chappell	Hungate	Roush
Chisholm	Ichord	Roybal
Clancy	Jarman	Runnels
Clark	Johnson, Calif.	Ruth
Clay	Johnson, Colo.	Ryan
Cochran	Johnson, Pa.	St Germain
Cohen	Jones, N.C.	Sandman
Collins, Ill.	Jordan	Sarasin
Conable	Karth	Sarbanes
Conlan	Kastenmeier	Schroeder
Conte	Kemp	Seiberling
Conyers	Ketchum	Sikes
Corman	Kluczynski	Sisk
Cotter	Koch	Slack
Coughlin	Kyros	Snyder
Cronin	Landrum	Staggers
Daniels, Dominick V.	Latta	Stanton, J. William
Danielson	Leggett	Stanton, James V.
Davis, Ga.	Lehman	Stark
Davis, Wis.	Lent	Steed
Delaney	Long, Md.	Steele
Dellenback	Lott	Stephens
Dellums	Lujan	Stokes
Dennis	McClory	Stratton
Dent	McCloskey	Studds
Derwinski	McCormack	Sullivan
Diggs	McDade	Symington
Donohue	McFall	Talcott
Dorn	McKay	Taylor, N.C.
Downing	McKinney	Thompson, N.J.
Drinan	Macdonald	Thomson, Wis.
Dulski	Madden	Tiernan
du Pont	Mallary	Udall
Eckhardt	Maraziti	Ullman
Edwards, Calif.	Mathis, Ga.	Van Deerlin
Eilberg	Matsunaga	Vanik
Eshleman	Mayne	Veysey
Fascell	Mazzoli	Vigorito
Findley	Meeds	Waggonner
Fisher	Melcher	Waldie
Flowers	Metcalfe	Ware
Flynt	Minish	Whalen
Foley	Mink	White
Ford	Mitchell, Md.	Whitehurst
Whitten	Mizell	Wilson, Charles, Tex.
Widnall	Wolff	Young, Alaska
Wiggins	Wright	Young, Ga.
Williams	Wyatt	Young, Ill.
Wilson, Bob	Wyman	Young, Tex.
Wilson, Charles H., Calif.	Yates	Zablocki
	Yatron	Zion

NAYS—94

Abdnor	Fulton	Quie
Archer	Goldwater	Rarick
Baker	Gonzalez	Robinson, Va.
Beard	Goodling	Rousselot
Bergland	Griffiths	Roy
Blackburn	Gross	Satterfield
Breckinridge	Hanrahan	Scherle
Broomfield	Harsha	Schneebeli
Brown, Mich.	Hillis	Sebelius
Brown, Ohio	Hosmer	Shipley
Buchanan	Hutchinson	Shoup
Burleson, Tex.	Jones, Tenn.	Shriver
Burlison, Mo.	Kazen	Shuster
Byron	King	Skubitz
Carter	Kuykendall	Smith, Iowa
Casey, Tex.	Landgrebe	Spence
Cederberg	Litton	Steiger, Ariz.
Chamberlain	McCollister	Stubblefield
Collins, Tex.	Madigan	Symms
Crane	Mahon	Taylor, Mo.
Culver	Martin, Nebr.	Teague
Daniel, Robert W., Jr.	Martin, N.C.	Thone
	Mezvinsky	Thornton
de la Garza	Michel	Towell, Nev.
Denholm	Milford	Treen
Devine	Miller	Vander Jagt
Dickinson	Mitchell, N.Y.	Wampler
Dingell	Nelsen	Wylie
Duncan	Nichols	Young, Fla.
Erlenborn	Pickle	Young, S.C.
Esch	Poage	Zwach
Evins, Tenn.	Price, Tex.	

ANSWERED "PRESENT"—30

Armstrong	Frelinghuysen	Pike
Brooks	Grover	Quillen
Camp	Huber	Rees
Clawson, Del	Hunt	Regula
Cleveland	Jones, Okla.	Rogers
Collier	Long, La.	Smith, N.Y.
Daniel, Dan	McEwen	Steiger, Wis.
Edwards, Ala.	Minshall, Ohio	Walsh
Evans, Colo.	Morgan	Winn
Flood	O'Brien	Wydler

NOT VOTING—23

Brasco	Gibbons	Myers
Broyhill, Va.	Haley	Parris
Clausen, Don H.	Jones, Ala.	Passman
Davis, S.C.	McSpadden	Reid
Fish	Mailliard	Rooney, N.Y.
Fraser	Mathias, Calif.	Ruppe
Frenzel	Mills	Steelman
	Mollohan	Stuckey

So the bill was passed.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Davis of South Carolina.

Mr. Passman with Mr. Gibbons.

Mr. Brasco with Mr. Don H. Clausen.

Mr. Reid with Mr. Frenzel.

Mr. Haley with Mr. Fish.

Mr. Mollohan with Mr. Fraser.

Mr. Jones of Alabama with Mr. Steelman.

Mr. Mills with Mr. Broyhill of Virginia.

Mr. McSpadden with Mr. Mathias of California.

Mr. Stuckey with Mr. Myers.

Mr. Ruppe with Mr. Parris.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ST GERMAIN. 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, H.R. 11221.

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

There was no objection.

LUCILLE DE SAINT ANDRE

Mr. WYLIE. Mr. Speaker, I ask unanimous consent for the immediate consideration of Private Calendar No. 90, the bill, H.R. 6477, for the relief of Lucille de Saint Andre.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the bill, as follows:

H.R. 6477

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Lucille de Saint Andre shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon granting of permanent residence to such alien as provided in this Act, the Secretary of State shall instruct the proper officer to deduct one number from the total of immigrant visas and conditional entries which are made available to natives of the country of the alien's birth under paragraphs (1) through (8) of section 203(a) of the Immigration and Nationality Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

That, notwithstanding the provision of section 212(a)(12) of the Immigration and Nationality Act, Lucille de Saint Andre may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The committee amendment was agreed to.

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

THE UNINVASION OF THE RIGHT OF PRIVACY

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

Mr. ALEXANDER. Mr. Speaker, in January of 1973 President Nixon signed an executive order that authorized the deliverance of information from more than 3 million tax returns to an executive agency. Immediate action was taken by the House Subcommittee on Foreign Operations and Government Information to reverse this massive invasion of the rights of privacy of an entire class of Americans—the Nation's farmers. It was viewed as an extremely dangerous precedent to all other groups of citizens, of whatever occupation—teachers, doctors, businessmen, preachers, et cetera.

Today our subcommittee received a letter from the Commissioner of the Internal Revenue Service outlining his efforts to comply with the recommendations of the House report. I congratulate Donald C. Alexander, Commissioner of the Internal Revenue Service and submit a copy of his letter for the RECORD.

The letter is as follows:

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, D.C., February 2, 1974.

Hon. WILLIAM S. MOORHEAD,
Chairman, Foreign Operations and Government Information Subcommittee, Committee on Government Operations, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your letter dated November 30, 1973, asking what steps the Service intends to take, or has taken, to implement the recommendations on page 12 of the sixth report by the House Committee on Government Operations entitled "Information from Farmers' Income Tax Returns and Invasion of Privacy."

As you may recall, when I testified before the Foreign Operations and Government Information Subcommittee on August 3, 1973, I suggested that tax returns should be confidential and private except as otherwise clearly specified by Congress. My views have not changed in this regard and I have insisted that to the extent that sound reasons do not require the Service to open up tax returns to others, the Service should guard the taxpayer's right of privacy. The Service is consistently applying such a disclosure philosophy, and we are working toward the common goal of ensuring the confidentiality of Federal tax return data.

Following are the three recommendations of the Committee and our responses to them:

1. "For the purpose of statistical mail surveys, that the Internal Revenue Service provide to the Department of Agriculture only names, addresses, and taxpayer identification numbers. No personal financial data from farmers' income tax returns should be provided unless an individual citizen gives his voluntary informed consent in writing. Ideally, the farmer could provide this information directly to the Department of Agriculture."

This matter has been discussed with Department of Agriculture officials and we are hopeful that mutually acceptable arrangements can be made. In this regard, we are pursuing the recommendation to limit Agriculture's access to tax return information to a mailing list of names and addresses of farmers.

2. "That the Department of Agriculture, utilizing lists of persons having farm operations provided by the Internal Revenue Service, seek the voluntary informed consent of farmers in obtaining private financial information needed to design statistical mail surveys."

If we are successful in our efforts as mentioned in Recommendation 1, this would be a viable alternative for the Department of Agriculture to obtain tax data from the Service.

3. "That the appropriate Congressional Committees consider legislation amending Section 6103 of the Internal Revenue Code to make tax returns explicitly confidential, except as otherwise limited for tax administration, enforcement and other purposes approved by Congress."

Consistent with my testimony as indicated above, we support this recommendation by the Committee, and we will so advise the Treasury Department.

I am confident that we can arrive at a solution which will satisfy all parties having an interest in this matter, and at the same time provide such limited disclosures of tax data as may be absolutely necessary.

With kind regards,

Sincerely,

DONALD C. ALEXANDER.

VETERAN VALLEY JP PLANS TO STEP DOWN

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

Mr. DE LA GARZA. Mr. Speaker, one of the grand citizens of the 15th Congressional District of Texas, has announced that after this year he will retire from the elective office of justice of the peace in precinct 5, Cameron County.

This was no ordinary announcement, neither to me personally nor to the people of the area he has served so well. Judge Joe E. Gerusa, a lifelong friend of mine and of my family, was first elected justice of the peace in 1916, taking office the following year. When he steps down he will have occupied this office for 57 years with only one brief absence to fill a position with Texas Old Age Commission.

The ties between the Gerusa's and my mother's family go back a long way. In the year that Joe Gerusa was first elected justice of the peace my grandfather, Leonard Villarreal, was urged by many citizens to seek the office. But he declined and gave his support to his friend, Joe Gerusa.

In announcing his coming retirement, Judge Gerusa said one outstanding advantage of his post was the opportunity it gave him to work with other people. And he has been magnificent in working with them, as many a citizen of south Texas can testify from personal experience.

In his statment that he will not file for reelection, Judge Gerusa said:

Whether or not I am in public office, I will continue to work with the people—who are my friends—for whichever way I can serve for the betterment of the country.

The simple statement typifies Joe Gerusa's patriotism, spirit of public service, and feeling for human beings.

Many thousands of south Texans will join me in wishing for Judge Gerusa the best that life has to offer during his final year as justice of the peace and in the years to follow. He deserves no less than the best.

A story published in the Harlingen Star gives a brief account of the highlights of Judge Gerusa's career. I wish to insert it here.

VETERAN VALLEY JP PLANS TO STEP DOWN

(By C. M. Robinson)

LOS INDIOS.—Joe E. Gerusa, Cameron County Pct. 5 justice of the peace since 1917, announced Friday he will not file for re-election in 1974.

"The reason is mostly my family," Gerusa said. "My wife is not in too good health, and she also feels I overwork myself. I have a lot of office work, mostly with arbitration," he added.

Gerusa said the arbitrations are mostly family arguments and problems with neighbors. He said if he kept record of them they would "go into the thousands and thousands. That's daily work," he pointed out.

The judge has kept records of other things, however, during his tenure he has performed 1,293 marriages, disposed of 161 felony cases and 4,125 misdemeanors, 33 civil cases, and held 179 inquests.

Other offices Gerusa holds include ex-officio notary public and registrar. In those capacities, he has registered 3,450 births, not including delayed certificates, and recorded 1,081 deaths from Oct. 1929 to the present.

Gerusa's precinct comprises the rural area around Los Indios. Rangerville and Santa Maria. He was first elected justice of the peace in 1916, taking office in 1917. He resigned in 1937 to accept a position as investigator for the Texas Old Age Commission for the Lower Valley and parts of Zapata County.

However, voters returned Gerusa to the JP's post the following year, so he resigned from the Old Age Commission. During the Second World War, he served two years as Selective Service investigator, in addition to his other duties.

Once out of office, Gerusa talked of visiting relatives out of the Valley. "You see, we have children in California and would like to see them" he said. "But I'm tied up here with court. So the last time I was elected, I promised my wife I wouldn't file again," he added.

Gerusa said one advantage of his post has been working with other people. "I enjoy working with people, and have had great cooperation from the people of this country," he said. "I do not have adequate words to express my appreciation to the people who have elected me all these years, and who have worked with me in Pct. 5, in Cameron County and throughout the U.S." he said.

Gerusa concluded, "I am in good health, capable still of doing my job." He also pointed out, "Whether or not I am in public office, I will continue to work with the people—who are my friends—for whichever way I can serve for the betterment of the country."

CALLING FOR A FULL AND COMPLETE INVESTIGATION AND STUDY OF SHORTAGES OF MATERIALS AND NATURAL RESOURCES

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

Mr. HILLIS. Mr. Speaker, in the past year, all of us have been made aware of the fact that we are living in a shortage economy. The most apparent crisis at the moment is a shortage of energy. However, we all know of other shortages which have resulted in business failures, unemployment, and disatisfaction on the part of the consumer. A number of reliable reports predict crucial shortages in a large number of basic materials and services. We know the nature of a ripple effect when either energy or a basic material is unavailable and the inherent danger to the economy and the welfare of our citizens when such shortages occur.

The administration has expressed grave concern. Senator Mansfield in his recent state of the Union message expressed concern. However, to this date, the Congress has done nothing to prepare to deal with the disastrous force of shortages in any area other than energy. The Congress needs an instrument to keep track of changing situations and the interrelation of policies and programs. We have yet to recognize the fundamental planning we must undertake to meet our materials needs in the future.

I have introduced a resolution which calls for a select committee to conduct a full and complete investigation and study of shortages of materials and natural resources and reserves. Within the near future I plan to reintroduce this resolution. Yesterday I have sent a letter to each of you inviting you to join me in sponsoring this legislation. It is my hope that you will give this matter sincere and serious consideration.

The text of the resolution reads as follows:

H. RES. 750

Resolved, That there is hereby created a select committee to be composed of seven Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study of shortages of materials and natural resources affecting the United States, including (1) causes, extent, and effects; (2) the adequacy of current machinery and procedures of the Congress and the executive branch pertaining to the solution of such problems; and (3) comprehensive measures to assure Federal support and assistance for the securement of materials and natural resources at home and abroad based on relative need in order to achieve an adequate supply, considering present and projected needs of the Nation.

For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the present Congress at such times and places as deemed advisable, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to request the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as it deems necessary.

The committee shall report to the House as soon as practicable during the present Congress the results of its investigation and study, together with such recommendations as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

CALLING FOR A FULL AND COMPLETE INVESTIGATION AND STUDY OF SHORTAGES OF MATERIALS AND NATURAL RESOURCES

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

Mr. REGULA. Mr. Speaker, the energy crisis has driven one point home above all—America needs a better mechanism to plan and administer scarcities as the world's thirst for resources expands.

In the November 19 issue of Newsweek magazine there was an article entitled "Running Out of Everything."

In the January 28 issue of Time, "Risky Race for Minerals" heads the economic and business section.

At a press conference on December 18, Secretary of Interior Morton warned of a pending shortage in material supplies.

Since 1900 our mineral consumption has increased by more than 400 percent. By comparison, our population has increased by 166 percent.

The National Committee on Materials Policy has reported that since 1909 the United States has imported more materials than it has exported. In fact, of 20 important minerals, the U.S. imports more than half of its consumption according to the mining and minerals policy report.

What is critical is that some of these minerals that we are importing have no ready substitute—such as chromium, manganese, platinum, strontium and tantalium.

While national stockpiling of strategic minerals reduces any immediate threat to the security of the Nation, by an embargo of cartels of producing nations, reduction of stockpiling to curb inflation pressures on the prices of domestic materials are, I am informed, being considered.

Undeniably, market forces will continue to play a major part in determining this mix of imports and domestic production. However, where costly and dangerous reliance on imported minerals appears, we must be prepared to reverse the trend.

What I and my distinguished colleague, ELWOOD HILLIS, of Indiana, have proposed in House Resolution 750, which we will be reintroducing in the near future, is that a select committee be created to conduct a full and complete investigation and study of shortages of materials and natural resources affecting the United States.

In addition, I believe the committee should address itself to the determination of whether consumption patterns should continue to be determined principally by market forces; whether we should try to achieve domestic self-sufficiency in minerals or strive for new and cooperative efforts to reach international understandings to guarantee supplies; and whether a combination of these approaches would be possible.

The point is, we need to be more vigilant about the possibility of future shortages of materials and resources and we must try to minimize the impact of such shortages.

I urge my colleagues to join us in cosponsoring this legislation; and to my colleagues on the Rules Committee, I urge your prompt consideration of this bill.

LEGISLATION FOR SAN JUAN NATIONAL HISTORIC SITE AND VIRGIN ISLANDS NATIONAL PARK

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

Mr. TAYLOR of North Carolina. I take this time to advise the House that today I joined my colleagues from the Virgin Islands and Puerto Rico in cosponsoring legislation dealing with certain national park problems in their respective areas.

I should point out, Mr. Speaker, that the Delegate from the Virgin Islands (Mr. DE LUGO) and the Resident Commissioner from Puerto Rico (Mr. BENITEZ), as well as representatives from the National Park Service, have been interested in having a delegation of the National

Parks Subcommittee visit these areas. At their request, two Members from each side of the aisle made the trip during the last recess.

As an outgrowth of our visit and review of the situation all of us returned to Washington impressed with the need for action to resolve some immediate problems at the San Juan National Historical Site and at the Virgin Islands National Park. We also looked at some potential areas which are being studied for possible future addition to the national park system.

During our visit, in addition to meeting with the Governors of Puerto Rico and the Virgin Islands, we visited the Bioluminescent Bay in Vieques, Puerto Rico; examined the serious erosion problems at the historic forts of the San Juan National Historic Site; visited the facilities and reviewed land acquisition needs at the Virgin Islands National Park and at other units of the National Park System in the Virgin Islands; and examined a potential park addition in the vicniity of Fountain Valley in St. Croix.

In short, Mr. Speaker, while this is a delightful place to visit, it was not unlike visiting other parts of the Nation. We spent a portion of our time meeting with government officials, reviewing existing programs, and visiting potential new areas. Some of these will have to wait for a final determination, but I expect to move forward on these two measures as expeditiously as possible.

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

Mr. TAYLOR of North Carolina. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, I am pleased to join my colleague (Mr. TAYLOR), the chairman of the Subcommittee on National Parks and Recreation in cosponsoring these bills to provide for a study of the San Juan National Historic Site and to provide additional appropriation authority for the land acquisition needs at the Virgin Islands National Park.

During the recess period Mr. DE LUGO—the Delegate from the Virgin Islands and a member of the Interior and Island Affairs Committee requested that the subcommittee make an on-the-spot review to ascertain firsthand the land acquisition needs at the Virgin Islands National Park. Later Dr. BENITEZ—the Resident Commissioner from Puerto Rico—requested that the subcommittee also stop in Puerto Rico and make an on-the-spot investigation of the serious erosion problems at the San Juan National Historic Site and the Bioluminescent Bay project.

These bills are a result of this field trip.

Mr. Speaker, our committee is called on to make field trips or hold hearings in practically every State in the Union. We try to accommodate our colleagues and their constituencies and I can assure you that an on spot investigation is worth more than committee hearings in Washington, but take it from the Member from the Plains of Kansas, do not make a field trip to the islands in January unless you plan to sleep on the beach or camp out, because the lodging rates are sky high and your per diem allowance provided by law is only a fraction of your actual costs.

INDEPENDENT TRUCKING SITUATION

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

Mr. NICHOLS. Mr. Speaker, techniques being used by some segments of the independent truckdrivers are deplorable and cannot be permitted to continue.

In my State of Alabama, I am informed by Col E. C. Dothard, director of the department of public safety that the situation there is getting progressively worse and that 12 trucks were fired on yesterday. We have a situation there where pickets are being thrown around the gasoline distributors' bulk tanks in Birmingham and threatening telephone calls are being made to gasoline distributors across the State to close down their operations.

Colonel Dothard tells me that Alabama State troopers are on a 24 hour, round the clock, patrol and the problem is growing more critical by the hour.

I am in sympathy with the independent truckers who have a tractor and trailer to pay for, and have families at home to care for, and who are being plagued by price gouging in the worst way as they travel the Nation's highways. It is their inherent right to protest and every level of elected government is working toward providing answers to the fuel crisis.

But, Mr. Speaker, I part company with any individual who by his own actions infringes on the rights of others to carry on their day-to-day operations and it is totally wrong that some of these truckers would block highways and would resort to rock throwing, shooting, and threatening the lives of those who transport this Nation's goods.

This morning I had a call from one of the major trucklines of my State who tell me that their drivers are fearful of further violence and that a real crisis is developing in the day-to-day operations of this truckline and similar trucking operations throughout Alabama and across this country. This company's drivers, under pressures from their families, who fear for their safety, are calling in sick and in other cases are resorting to driving in daylight hours only. Approximately 20 percent of this company's drivers are currently out and if this violence continues these figures are certain to increase.

Mr. Speaker, I call on the President to make it explicitly clear that this country will move with all speed to apprehend those who would intimidate, threaten, or impede the right of other drivers who elect to operate, and who must also earn a living for their families.

Our Government has moved before to quell demonstrations and riots where private property and where basic American freedoms are being violated. We cannot, we must not, allow such violence to continue, and I ask the President to move with all possible speed.

URBAN MASS TRANSPORTATION

The SPEAKER pro tempore (Mr. MAZZOLI). Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 60 minutes.

Mr. MINISH. Mr. Speaker, the first session of the 93d Congress took the lead in working for quality, economical urban mass transportation in the United States. In the second session, we have the opportunity to build upon the accomplishments of 1973.

On August 13, 1973, the Federal Aid Highway Act was signed into law, making available, for the first time, money for mass transportation from the highway trust fund. In addition, the bill authorized $3 billion in additional contract authority for the Urban Mass Transportation Administration for grants to finance 80 percent of the cost of mass transit capital projects. These latter provisions also contained legislation approved by the Subcommittee on Urban Mass Transportation.

For the first time ever, both Houses of Congress approved legislation in 1973 offering deficit-ridden urban mass transit companies Federal assistance for operating expenses to supplement revenues derived from fares and from existing State and local subsidy programs. The legislation, now in conference, authorizes $400 million in both fiscal 1974 and fiscal 1975 for operating aid to mass transit.

Mr. Speaker, it was encouraging to hear from the President in his state of the Union message that the administration has reversed itself completely and now supports a program of Federal operating aid, beginning in fiscal 1975, for mass transit. The Congress, I am sure, will give the administration's proposal expeditious consideration when all the details of it are received.

However, it cannot be left unsaid that, up to this point, the administration has opposed operating aid for mass transit every step of the way. If it were not for this steadfast opposition, we already would have a program of Federal subsidies for mass transit which could have done much to alleviate the present plight of our Nation.

As recently as 2 months ago, when the operating aid conference committee began its deliberations, both Secretary Brinegar of the Department of Transportation and Roy Ash of the Office of Management and Budget reiterated in strong terms the administration's unbending opposition to operating assistance for mass transportation systems.

Although it is gratifying that the administration finally has expressed its support for operating aid, nevertheless information available on the proposed program raises many questions as to the extent of the administration's commitment.

For one thing, the level of funding in the plan is totally inadequate in view of the needs of mass transit and in view of the country's present energy situation.

In fiscal 1975, for example, the admin-

istration proposes mass transit spending of $1.2 billion from general revenues and expects another $200 million will be made available from the highway trust fund at local option.

However, the American Transit Association estimates that the Nation will have to spend $2.5 billion annually on mass transit simply to cope with the present needs of major construction projects across the country. In addition, as a result of the energy crisis, there is a need for $1 billion in new money for operating aid and emergency equipment needs.

Furthermore, there is no new money involved in the administration's proposal for next year. As I stated, the Congress authorized an additional $3 billion last year for contract authority and little of that authorization has been obligated to date.

Moreover, it appears that the administration's formula for distributing funds that would be available for operations diverts the money away from those areas of the country with the largest investment in transit and the greatest pollution and energy problems.

The Wall Street Journal on January 21 reported that the administration-proposed bill would seek "to discourage attempts by cities to count on Federal funding for new rail systems." Any such provision is greatly disturbing to those of us who believe the development of all types of mass transit should be a high priority of the Federal Government.

All in all, Mr. Speaker, the administration's mass transit proposal is just too little and too late.

THE FOREIGN INVESTMENT IN AMERICAN CORPORATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. GAYDOS) is recognized for 30 minutes.

Mr. GAYDOS. Mr. Speaker, Americans, who for many years have witnessed the flow of American capital to foreign countries to rebuild and develop foreign economies are now witnessing a dramatic event whereby foreign capital is now pouring into the American economy and transferring control of American businesses to non-American citizens. Since 1967, the number of American manufacturing establishments controlled by foreign interests has increased from 385 to in excess of 905.

I. INTRODUCTION

What is the reason for this recent development and what does it mean for the future of the American economy?

The cause appears to be a unique combination of circumstances where upwards of 80 billion American dollars held by foreign interests have combined with the recent dollar devaluations and the depressed state of our stock market to make foreign investment in domestic American corporations quite attractive.

If the problem involved only investment in American businesses then it could well be argued that the foreign investors were merely providing additional capital for the use of domestic American corporations to meet their future expansion needs. But this is not the picture as it appears to be developing. Instead, the foreign investors are attempting to obtain control of specific corporations, and are not just interested in creating diversified investment portfolios.

Because we are viewing a new development we do not at this time have sufficient experience to make a clear judgment as to whether this development will be to the best interests of Americans in the long run. Instead, it is necessary to evaluate the possible results of such substantial foreign control of American corporations based on the apparent motives of the foreign investors viewed against the background of current trends in the international economic picture.

At the outset, it is important to bear in mind that the recent development is substantially different from that where in the past American capital has been invested abroad. In those instances, American capital was greatly in demand by the developing and underdeveloped countries which lacked both capital as well as the expertise to create and develop an industrial economy. Absent such American capital these foreign countries could never have developed. Yes, I say never, because American foreign investment has been the necessary catalyst to help foreign countries revive their economies from the devastation of war, and additionally place those countries in a position where they can now aid other countries of the world.

But when we examine the present condition of foreign investors obtaining control of American corporations the question immediately arises as to what is the benefit of a mere change in the control of an existing domestic corporation? In passing, I should note that currently we are witnessing instances where foreign corporations are establishing American subsidiaries, such as Volvo in Virginia. At first blush it might be contended that such a condition means a plus for the American economy, in that plants will be constructed in America and operated by Americans. But while this type of situation should not be accepted without questioning, I am more concerned with the foreign takeover of existing American corporations.

II. TENDER-OFFER PROCEDURE

The tender-offer method of acquiring control of a corporation is a recent development in the securities industry. Basically, a tender-offer is where the stockholders are publicly solicited to offer their stock for sale to a person or corporation which intends to acquire sufficient stock to control the corporation. This is distinguished from a direct approach to the current officers and directors of the corporation. Accordingly, the tender-offer is usually a bolt out of the blue to the current management of the corporation. The hope of the group making the tender-offer is to convince the stockholders of the benefits of selling their stock, rather than trying to convince current management of the benefits of a sale of the company to the group. Of course, the current management has a very substantial interest in such a matter as it can well mean their replacement.

In 1968, the so-called Williams Act was passed requiring anyone making a tender-offer to make a full disclosure as to the identity of the parties involved, the source of the financing to consummate the transaction as well as the purpose of the acquisition. In 1970, the act was amended to provide that this information must be furnished to the SEC when more than 5 percent of the shares of a corporation was acquired, as compared to 10 percent under the 1968 law. The purpose of these laws is to make sure that the current stockholders of the corporation have complete information concerning the person or group seeking to purchase their shares.

The tender-offer procedure is used when the stock of a corporation is widely held by many individuals. On the other hand, where substantial blocks of stock are held by a few investors, then the takeover of a corporation is effectuated by the purchase of sufficient shares from a few investors. In any case, in the period since July 1, 1973, to date, there have been 27 instances where foreign investors have attempted to acquire control of domestic corporations through either a tender-offer or an acquisition.

There are four cases involving foreign tender-offers which clearly indicate the problems which can arise from foreign control of American industries.

First, the Roson Corp.

This is a domestic corporation which is engaged at various locations in the United States in the production of certain consumer products. Ronson also owns and operates a helicopter service, and is engaged in the production of aerospace products and rare earth products for industry. Additionally, Ronson conducts foreign operations.

On May 31, 1973, Liquifin, a company organized under the laws of Liechtenstein, made a tender-offer to purchase 52 percent of the shares of Ronson. The management of Ronson immediately undertook legal action to enjoin the consummation of the transaction, alleging that Liquifin did not make full disclosure as required by the SEC. Ronson was successful in obtaining a temportary injunction prohibiting the takeover, but on January 14, 1974 the court denied Ronson's request for a permanent injunction, thus presumably control of Ronson will now pass into the hands of foreign interests.

In reviewing the case, many disturbing facts come to light. It appears that Liquifin was a "front" for an Italian company called Liquigas, which presumably could not under Italian law, have made the acquisition directly. In following the labyrinthine path of the corporate relationship between Liquifin and Liquigas and many other paper corporations it was next to impossible to get a clear picture as to the true owners of Liquifin, other than the fact that it appeared that the Italian Government may end up holding a substantial interest in the Ronson Corp. The case points out the tremendous difference between the laws of Italy and the laws of the United

States on the regulation of securities. What does this mean to the residual American stockholders who will now own stock in an American corporation controlled by foreign interests?

During the proceedings it became quite apparent that the foreign organization was primarily interested in acquiring the Ronson trademark. What will this mean to American workers if the new foreign management should decide to close down the American operations and transfer their operations overseas?

Second, Texasgulf:

Texas Corp. engaged both in the United States and at other locations throughout the world, including Canada, in the extraction and processing of metals, potash, sulphur, fertilizers, oil and gas, Forest products, and various materials.

On July 24, 1973, CDC—Canadian Development Corp.—made a tender-offer to acquire approximately one-third of the outstanding shares of Texasgulf. The significant point here is that CDC is a Canadian corporation created pursuant to an act of Parliament of 1971 and all shares are owned by the Government of Canada. The object of CDC is to acquire the controlling interest in Texasgulf and then sell shares in CDC only to Canadian citizens. As such this is the first instance of implementation of the 1971 act. But it clearly indicates that the Canadian Government is pursuing a course of capturing control over foreign corporations which conduct operations in Canada.

What really complicates the matter in this case is the fact that for the last fiscal year more than 50 percent of the operating revenues of Texasgulf came from the company's Canadian operations.

In all candor, I must state that I can understand the position of the Canadian Government in wanting to obtain control of its economy. What does cause me concern here is the fact that in obtaining control of the Canadian operations CDC will also obtain control over the company's American operations.

As in the case of Ronson, Texasgulf also initiated legal action in an attempt to block the takeover, alleging among other things, that there was not full disclosure by CDC. The current management of Texasgulf was not successful, however, and it appears that control of Texasgulf will be in the hands of CDC initially and in the hands of only Canadian investors eventually.

The question immediately comes to mind as to what is the future of the American operations of Texasgulf. In view of the fact that the American operations of Texasgulf involve the extraction of raw materials which are or may become in short supply, we may see a situation develop where the national policy of the United States with regard to the use of raw materials and minerals is inconsistent with the corporate policy of Texasgulf as expressed through the Canadian management of CDC.

Third. Signal companies:

Signal is a Delaware corporation engaged in the extraction of oil and gas, the aircraft and aerospace industry, the manufacture and sale of trucks, the ownership of American President Lines, radio and television broadcasting, and real estate development.

On August 9, 1973, a consortium of Canadian, British, and French individuals and organizations made a tender-offer to purchase a substantial amount of Signal stock which added to the stock already held by members of the consortium would give it 9 to 11 percent of the voting stock of Signal, the remainder of whose shares were widely held by many individuals.

As in the case of the two previous cases, Signal initiated legal proceedings to block the consummation of the tender offer. It also was unsuccessful.

In the meanwhile, in an apparent attempt to short circuit the takeover, the current management of Signal, on January 28, 1974, sold its oil and gas business to a subsidiary of Burmah Oil Ltd., a British corporation engaged worldwide in the exploration, production, refining and marketing petroleum products.

At a time when the American consumer and American industry is enduring the pinch of the Arab oil boycott, I am very concerned to see the ownership of domestic oil sources bandied about in the international financial arena. If we are to become self-sufficient in energy as the President and others have suggested, it makes no sense to allow foreign interests to acquire the oil and gas business of Signal.

Fourth. Airco Inc.:

Airco, a New York corporation, is a leading domestic producer of oxygen, nitrogen, hydrogen, rare gases, ferroalloys, welding and cutting equipment, and is the largest domestic commercial distributor of helium.

In early November 1973, British Oxygen Co. made a tender offer to purchase approximately 26 percent of the outstanding shares of Airco. British Oxygen Co. is a British corporation which has extensive worldwide operations in manufacturing diversified products for industry including products comparable to many now produced for Airco.

During this same period Curtiss-Wright also made a tender offer for the stock of Airco. Legal action was brought against Curtiss-Wright which ended in Curtiss-Wright agreeing to withdraw and to sell the shares it has acquired to British Oxygen Co.

I am concerned as to the possible results of a takeover by British Oxygen Co. in view of the fact they are engaged in such extensive worldwide operations and in the same line of industrial products as is Airco. What if British Oxygen decides to close down its American operations, and produce at its other foreign locations? This could well mean unemployment for American workers. But in addition it could mean American industry would then be dependent on foreign production for the many products now produced by Airco domestically. Can we afford the risk of having industries engaged in production for national security become dependent on foreign sources for the indispensable products needed in their production?

III. EXISTING U.S. LAW RESTRICTING FOREIGN OWNERSHIP OF DOMESTIC U.S. BUSINESS

First, communications: All owners of radio stations must be American citizens.

Second, transportation: Only American corporations which have at least three-fourths stockownership by Americans can be licensed to operate domestic airlines.

Aliens are excluded from enterprises engaging in coastwise or fresh water shipping.

Third, atomic energy: Aliens may not obtain licenses to operation facilities for the utilization or production of atomic energy.

Fourth, restrictions of foreign countries on foreign investment:

Our neighbor to the north, Canada, has just enacted legislation, the impact of which is to provide for the review and assessment of acquisitions of control of Canadian business enterprises and of the establishment of new businesses in Canada by non-Canadians. Coupled with the 1971 act mentioned above which provides for government created corporations to capture control of foreign controlled Canadian corporations clearly indicates that the Canadian Government intends to become master of its economy.

Additionally, Australia which has currently laws seriously restricting foreign investment in its domestic economy has indicated it wants additional laws to "facilitate increased Australian ownership and control of our industries and national resources." These are the words of the Australian Prime Minister delivered in a speech at New York on August 1, 1973.

I could go on and enumerate the restrictive laws of many other countries on foreign investment, but it would merely be frosting on the cake. It is quite clear that there is a definite trend throughout the world for each nation to become master of its economy, preventing foreign control of its industries.

Can we stand by and say the rest of the world is wrong? I think the answer is clear, that we cannot afford to remain passive and allow other countries to become masters of their economies, and ours as well.

Not a week goes by but what we read about an American oil company which is faced with expropriation or relinquishment of control of its foreign operations.

The current energy crisis has, in my opinion, only intensified the need for restrictions on foreign investments to prevent foreign control of American corporations. If we do not take such steps we will be fair game for the countries which are deficient in natural resources. With the other nations of the world who possess these resources jealously guarding their domestic supplies, we would be an attractive target for the nations needing a source of raw materials.

Of even more concern, however, is the fact that tremendous amounts of capital will be flowing to the oil producing countries. On the one hand this will mean that many of our trading partners will have to curtail their purchases of American goods in order to accumulate sufficient capital to pay for the very costly oil needed for their domestic econ-

omy. But more significantly this, will lead to capital holdings by the oil producing countries greatly in excess of what is needed in their domestic economies. What is the logical outlet for this capital? The oil producing countries possess no superior technology which they can export along with their capital. It does not appear that these greedy nations are disposed to aid the underdeveloped nations.

Accordingly, the most attractive outlet for this capital is the American economy. This could lead to foreign takeovers of segments of the American economy. One shudders at the thought of the takeover of the domestic oil industry by nations which already have a stranglehold over the world's oil reserves. But with the tremendous amount of capital which will flow to the oil producing nations, such a takeover is indeed quite possible.

There are those individuals who have welcomed foreign investment in America as a solution to our balance-of-payments deficit. Now we see these same individuals enthusiastically extending their offer to the oil producing countries to invest in American economy. I wonder how our trading partners throughout the world who are forced to pay exhorbitant prices for oil will view our action in providing an outlet for capital which has been extorted from them by the oil producing countries?

Thus not only do we run the risk of having control of American corporations transferred to foreign interests, but at the same time, we may earn the reputation of assisting the oil producing countries in maintaining exhorbitant prices for oil sold to those countries which have no other source of supply.

The Foreign Investors Limitation Act which I have cosponsored with 13 of my colleagues has as its purpose the protection of: The national security of the United States; the protection of the national resources of the United States; the protection of the American worker from being displaced from his employment; and the protection of the American consumer from being exploited by exhorbitant prices for goods, prices which can be dictated by the national policy of foreign governments, such as we are currently experiencing with oil.

LETTERS ON LIMITING FOREIGN INVESTMENTS IN THIS COUNTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. DENT) is recognized for 15 minutes.

Mr. DENT. Mr. Speaker, since introducing my bill to limit foreign investments in this country, I have seen the interest in the subject of foreign investment in the United States become more pronounced. My mail relative to the bill is heavy, and I expect that the gentleman from Iowa (Mr. CULVER), who has begun hearings on the matter, and the gentleman from California (Mr. Moss), who has assented to hearings in the near future, both find themselves in similar situations.

Some of my most informative mail comes from stockholders who have in one way or another participated in foreign takeovers of American firms. Their letters serve to illustrate one of the problems of foreign investment in this country. The letters are self explanatory and for the RECORD, I would like to submit two—one describes a situation involving the Brown and Williamson takeover of Gimbel Brothers, Inc.; the other details the Trust Houses Forte, Ltd. takeover of Travelodge International, Inc.

The letters follow:

CHICAGO, ILL., *January 23, 1974.*

Hon. JOHN DENT,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. DENT: I have read an account of your bill to regulate foreign ownership of our American corporations. Foreign governments have been regulating our investments abroad for years.

The English company of Trust Houses Forte, Limited, have taken over the "Travelodge International, Inc." Their campaign was engineered by offering $11.50 when the stock was $5.50 per share. Since the stock was $25.00 a year ago, I refused to sell, even though I purchased 300 shares for an average of $6.00. I did this as an investment, not for speculation. We were deluged with mail and phone calls from brokers. The broker admitted he would receive 40 cents per share commission or $120.00 if I agreed to sell. Of course I would have made a 40% profit as I had only held this stock for about 8 months.

They warned me I had better sell as the stock would plummet after the offer and carefully suggested there would be nothing in it if I refused to sell.

Obviously they control the whole bag now and I do have the short end of the stick. Their last report, which I enclose can indicate motels have come upon hard times or they are siphoning the profits out in some way to squeeze out the 28% remaining stockholders.

Your legislation should provide proper protection for the American stockholder so that they cannot be overcome by the Ugly Foreigner.

Very truly yours,

FLORENCE B. ACKERMAN.

N. HUNTINGTON, PA., *January 3, 1974.*

Congressman J. H. Dent,
Greensburg, Pa.

DEAR SIR: I was pleased to receive your "Washington Report." I have been following your progress in the constructive legislation regarding, pensions, conservation, control of Amer. industry & business by foreign interests, etc.

I wish to call to your attention a personal experience I have had regarding the latter. I have been a stock holder in Gimbels Inc. for nearly 40 yrs., this past year a British co., Brown & Williamson, bought control of Gimbels and set themselves up as sole stock holders thus forcing all American interest out of the company, which will still remain in business as Gimbels Inc.

I wrote to Gimbels Inc. pointing out that the company would still seem to American owned to most of the public, and as it wasn't, American interests would not be served.

Then too, American stock holders under this arrangement have to liquidate their holdings and are forced to assume tax liabilities, which like myself they are not willing or ready to, until they decide to sell of their own free will.

I am enclosing the reply from Mr. S. E. Gilinsky representing Gimbels Inc. I was audacious enough to suggest they pay my taxes if they were going to force me out of the company.

Respectfully,

HORACE L. THOMPSON.

P.S.—I even suggested that I would write to the Justice Dept. in protest, which I would still like to do—do you know who I should write to?

GIMBEL BROTHERS, INC.,
New York, N.Y., November 27, 1973.

Mr. HORACE T. THOMPSON,
Irwin, Pa.

DEAR MR. THOMPSON: Your thoughtful letter dated November 11, 1973 has been brought to my attention. We can understand your disappointment at the turn of events. However, there is always the problem of balancing the equities at any time between those required to pay a capital gains tax and those who may incur a loss as is the case with several shareholders. In any event, it is not appropriate or proper for Gimbels to assume a tax liability which is your individual responsibility.

Your decision as to whether or not to write a letter of protest to the Justice Department is, of course, a personal matter. You may be interested to know that the New York Times in an editorial praised the Gimbel purchase as a welcome revenue of the trend of United States companies' investments abroad.

We can clarify one point in your letter. Gimbels is still doing business and is the surviving corporation upon the merger. There is, however, now only one shareholder of Gimbels and therefore your comment concerning the interest of major shareholders in the new company does not apply to the present situation.

Again, thank you for your letter and your interest in Gimbels.

Sincerely yours,

STANLEY E. GILINSKY,
Secretary.

METRO AND IMPROVEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. CRANE. Mr. Speaker, 1 year ago when the four privately owned transit systems in the Washington area were combined under the control of Metro, bus riders were treated to one page leaflets which told them of better things to come.

The buses, the riders were told, would soon be getting cleaner, maintenance would improve, telephone information services would get better and 620 buses would arrive by late summer.

During the past year, readers of the Washington Post were able to follow the progress of Metro, through the excellent reporting of Jack Eisen. The Post reported that some Metro employees expressed the view that maintenance in Virginia was better under private management. Eisen told us how it was impossible to buy a system map and many times next to impossible to get the necessary information about how to use the system through any means.

Most importantly, we were told, in an ever unfolding story, which matched the daytime television soap operas, how the bus system, which didn't cost the taxpayers a dime a year ago, is now running up a deficit projected at $35 million. It has taken some cities years to achieve what Washington has accomplished in a few short months. By the way, that $35

million will, I predict, go much higher when certain wage boosts and still higher fuel costs are calculated.

Now Mr. Eisen has covered a public hearing on the assignment of those new buses which were supposed to be in service by late summer, but which are still nowhere in sight.

The public, which was supposed to benefit by the "Metrobus era," it seems, is not pleased. The reactions of those who testified were highlighted by one lifelong resident of the area who said:

If Metrobus operations were 25 percent as good as its public relations, we'd be in good shape. In one year's time all we have is a D.C. Transit type of operation without O. Roy Chalk. At least Mr. Chalk was colorful.

There you have it. One year and the only real point you can make about the glories of Government ownership is that the taxpayers are taking a real beating, and getting poor service in return.

In the leaflet I mentioned earlier, in an effort to be cute, Metrobus stated:

As a baggy-pants comedian once noted, we promise to give you faster service no matter how long it takes.

Well, Mr. Speaker, the huge deficit, combined with no significant improvements in service, is no joke.

The fortunes of "Metro" are all the more disturbing because, in my view, they can be traced directly to a decision by the Metro board which directed its inexperienced staff to operate the system rather than to hire a private management consortium.

The two major private management firms in the Nation had attempted to get consideration for their plan to manage the system here. They never got a fair hearing. Private management was dismissed, as if it were somehow related to the private owners of the systems which had operated the system here for years.

Yet, in cities all across the Nation, such as nearby Baltimore, and Minneapolis/St. Paul and Denver and Miami and San Diego, government-owned systems are run efficiently by private management companies.

I want to make it clear that I am not suggesting that anyone could operate the system here at a profit. I understand that a deficit is going to occur unless the system were operated solely on a free market basis, in which case service would not be offered at times and to places where local politics says it must be offered. But where private management systems have taken over large systems, the wild escalation of deficits has not occurred as it has in Washington, but more importantly, service has improved almost immediately and ridership has increased steadily, and in some cases dramatically.

I hold no brief for any one management firm. It is time, however, to revive the issue of private management to operate the Washington system. As a member of the Mass Transit Subcommittee of the Banking Committee, I expect to introduce legislation toward that end.

Washington ought to be a model system for the rest of the Nation. Instead, Metro is a disgrace.

The time has come for some direct action to rectify this outrageous situation. Private management may not be the total answer, but it is working elsewhere and there is no reason it cannot work here.

I would like to insert into the RECORD the following article from the Washington Post, entitled "Overloaded Buses Scored in Fairfax."

OVERLOADED BUSES SCORED IN FAIRFAX

(By Jack Eisen)

Some residents of Fairfax County complained to area transit officials last night of severely overcrowded buses that often leave them standing in frustration on street corners while trying to get to and from work.

Their testimony before a standing-room crowd of nearly 200 in the Fairfax City Hall was an unintended rebuttal to testimony by witnesses at a similar hearing Wednesday night in Arlington.

Several citizens claimed at that hearing that Arlington is being short-changed in the assignment of new buses in favor of added service to Fairfax County, especially along Shirley Highway.

Metro transit officials are considering the assignment of the first 100 of 620 new buses this spring to routes in Washington and the suburbs. Virginia is slated to get 27.

"Buses are crowded beyond any standard of safety or comfort," declared Bernhard Larsen, a Fairfax resident.

"We're not just asking that people get a seat. We're just asking that people get on the bus," declared Alice Herrington, whose testimony drew applause.

At the Arlington hearing, attended by about 40 people, John F. O'Neill, a member of the county's transportation commission, declared: "As far as Arlington is concerned, it (the assignment of five buses in all of the area north of Columbia Pike) is nothing more than tokenism."

O'Neill, a lifelong resident of the Washington area who said he has ridden public transit since childhood, also claimed that Metro has done little in a year of bus operation to improve service for its Virginia riders.

"If Metrobus operations were 25 per cent as good as its public relations, we'd be in good shape," O'Neill declared. "In one year's time all we have is a D.C. Transit type of operation without O. Roy Chalk. At least Mr. Chalk was colorful."

Chalk was the president of the D.C. Transit System, which was taken over by Metro along with its Arlington-based subsidiary, the WV&M Coach Co., on Jan. 14, 1973. Two weeks later Metro acquired the Alexandria-based AB&W Transit Co. and the WMA Transit Co. in suburban Maryland.

Metrobus service drew few such broad criticisms last night in Fairfax. Most witnesses simply called for more buses, although some residents of Fairfax City said they would prefer to keep the Trailways service into Washington that is slated for abandonment and replacement by Metro.

The Fairfax hearing was the best attended of five sessions held in D.C., Maryland and Virginia during the past two weeks. The Metro staff and later the board will make their decisions within the next two months in cooperation with the Northern Virginia Transportation Commission.

Metro got criticism, some praise and suggestions from witnesses at the Wednesday hearing. It also heard a warning from Joseph S. Wholey, the new chairman of the Arlington County Board, that subsidies for rising Metrobus deficits depend upon greatly improved service.

Fred Hill, a resident of the Rosemont district of Alexandria, complained that a bus takes an hour or more to get six miles to downtown Washington. "The (routes) 13, 14 and 15 go through the whole world now—or at least the Pentagon," Hill said.

Barbara M. Sherrill, transportation chairman of the League of Women Voters of the National Capital Area, called on Metro to improve its public information services.

"Another incentive for bus ridership would be the reinstatement of the weekly pass," Mrs. Sherrill said, referring to a fixed-price ticket for unlimited D.C. bus and streetcar riding that was abolished in the early 1950s. "We urge you (also) . . . to reduce the fares for everyone," she said.

THE URBAN TRANSPORT DATA ACT OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 30 minutes.

Mr. FRENZEL. Mr. Speaker, on January 30, I introduced a bill designed to correct a grave and persistent, pervasive, and costly defect underlying Federal and other governmental efforts to improve transportation and mobility for all citizens in our cities and rural communities.

Since 1965, the Federal Government has spent $2½ billion on assistance to urban mass transportation. Additional billions of Federal funds have gone to urban highways and freeways. State and local governments have contributed massive sums in recent years to urban transit capital and operating costs assistance, with funds generated from special State and local taxes as well as bond sales.

What has the taxpayer gained in return for these lavish outlays of public moneys? Certainly not much in terms of improved mobility and safety, in improved access to opportunities in cities and rural communities. Congestion and pollution still prevail, together with high accident rates and wasteful use of energy resources. Despite the good intentions of Federal, State, and local programs of assistance to urban transportation, and the increasing financial sums authorized by Congress and local governments, the efforts have in general floundered, and deficits of transit operations continue to increase. The results have been, to say the least, disappointing.

Part of the unsatisfactory record of accomplishment can be laid to fragmented administration and uncoordinated policy. A fundamental cause, however, of the lack of progress of Federal, State and local governmental efforts to improve urban and rural mobility is the lack of any generally accepted objective, consistent, and comparable data and measures which reveal the present status and performance of urban transport systems and services. Some aggregate data concerning urban transportation are presently reported, but the collection efforts are fragmented, uncoordinated and incomplete. The figures reported are not comparable across cities or transit companies, nor are they in a form useful to governmental policy formulation or appropriation decisions. Even the extensive series of metropolitan area transportation studies required by the 1962 Federal-aid Highway Act—

large-scale undertakings costing perhaps $30 million per year over a 10-year period—they too provide little consistent, comparable data for all modes of urban transport which are useful in government policymaking and appropriations decisions.

In a 1971 report, 10 years after Federal assistance to urban mass transportation first began, the Department of Transportation stated that no comprehensive and consistent financial and operating statistics for the urban transit industry presently exist. Almost all of the hundreds of research reports on urban transit problems purchased by the DOT and the UMTA qualify their conclusions and recommendations with complaints of inadequate, incomplete, and inconsistent data on urban transportation conditions and trends.

The extent of ignorance goes beyond lack of reliable information about transit systems and related services, however. Last fall, at a conference sponsored by the National Science Foundation and San Francisco Bay area governments, and attended by elected officials as well as representatives from transit operating agencies and researchers, it was noted that methods and data to identify and measure performance of urban transportation are lacking. The conference also noted the need for an objective and "honest" approach to information regarding public transit, to counter what they perceived to be of distrust of government claims and programs in urban transport.

Clearly, administration of government assistance programs for urban transportation has been hindered by a lack of precise information about the condition of mobility for all citizens in urban areas, and from inability to assess accurately the actual effects programs expenditures have in changing performance of urban transport systems and services. Without valid data to establish benchmark conditions, accurate assessments of changes in trends across cities and through time, and wise allocations of funds, are not possible.

Neither Congress nor any executive branch agency, nor State or local governments, now has reliable, complete and objective data to reveal what effects present and future expenditures have in improving urban mobility. Gross aggregates of total transit patronage and operating deficits, of perhaps dubious validity, are of course available annually, as are aggregate statistics on automobile usage.

Such aggregate numbers are too broad, however, to reveal in detail effects of specific programs and expenditures. Reliable and comparable figures for the taxicab industry, a most important component of urban transport services, are not consistently available in useful form. Operational and financial data are lacking for other forms of urban transport and for urban goods movement, as well.

Such figures as are published do not reveal essential information about relative costs and returns on investment in the different modes of urban transport systems and services, nor the varying impacts alternative investments might have in improving conditions of urban mobility. Lack of adequate data on performance of existing systems and services not only fails to reveal evidence of unsound or wasteful expenditure, but also tends to obfuscate promising opportunities for new technologies and operational concepts in urban transport, and to delay substantial and desirable departures from conventional, and often outmoded concepts.

When total appropriations for urban transport assistance were small, lack of data and information to inform decisions for effective expenditures was perhaps not so critical a problem. Now the President has recommended a program level of $2.5 billion in fiscal year 1975 for Federal urban transportation assistance, with total a 6-year program intimated to approach $16 billion. Moreover, choices on how the Federal funds made available will ultimately be allocated among highway or transit capital investments and operating costs are to rest largely with the State and cities. What criteria are they to use in selecting among transportation systems and services? What assurances exist that valid, consistent data will be available to inform such choices? The lack of basic data, and the absence of a governmental mechanism for identifying, collecting, analyzing and reporting statistics in a timely fashion on the performance of urban transport systems and services and the results of Government expenditures now becomes a crucial deficiency, if the most effective use of public funds is to be achieved.

My bill, the Urban Transport Data Act of 1974, addresses these problems directly. It will provide the necessary and now lacking data and information for realizing national policy objectives of urban transport improvement. The bill would establish a new agency, the Urban Transport Data Board. The Board would be located within the Department of Transportation to secure administrative efficiency and economy, and policy coordination, yet would have an independent status separate from the transport promotional responsibilities of the Department to insure absolute objectivity and credibility of its statistics and reports.

The Board would be responsible for formulating consistent, useful performance measures and systems of accounts to be used in reporting by all urban transportation agencies and properties, public and private, above a certain size. These continuing and comparable data reports would be collected, analyzed and reported by the Board, together with supporting and informative analyses, and would be available to inform policy and administrative decisions by Federal, State and local agencies, as well as assist oversight and appropriations activities in the Congress.

The Board would have no regulatory powers over local urban transport systems and services nor would its activities replace or duplicate research and policy studies now conducted by other units in the DOT or elsewhere, The Board would collect and report the facts; other users of those facts could then guide their activities accordingly.

The three-member Board would have one member representative of the mass transit industry, another representative of automotive transport and highways, and a third representative of the general public. All of its hearings, reports, and other activities would be public.

Federal efforts to assist urban mass transportation are continually plagued by a lack of information which accurately portrays the depth, scope and complexity of urban mobility problems. In recent years, appropriations have been more generous, and they should continue to increase. But until we get far better fix on the actual dimensions of the problem, both UMTA and the Congress will be crippled in our efforts to solve urban transportation problems.

Information of the type that this bill would provide will of course not insure quick and easy solutions to what is obviously a set of very difficult and complex problems. But at least we will begin to direct our multi-billion dollar urban transportation programs against real problems which now we only vaguely comprehend.

Mr. Speaker, the text of the bill follows:

H.R. 12398

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Urban Transport Data Act of 1974".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress finds—

(1) that Federal policy and programs supporting urban transport systems and services must be factually informed and continuously reviewed in order to insure that they address the fundamental causes of urban transport problems and not merely their symptoms;

(2) that increasing commitments by Federal, State, and local governments for financial assistance to and capital investments in urban transportation systems and services require comprehensive, objective, comparable, and reliable operating and financial data and information about such systems and services, and their impact on urban areas, in order to insure the best use of public funds;

(3) that timely and continuing reports of such data and information would greatly aid efforts to monitor and assess the effects on urban mobility for all citizens of Federal, State, and local financial assistance programs for urban transportation systems and services;

(4) that no standard, reliable, continuing and comparable measures of performance and safety or urban transport systems and services currently exist in forms useful for informing policy and appropriation decisions; and

(5) that no uniform, comprehensive, and comparable operating, safety, and financial data reporting systems currently exist either for the urban mass transit industry or for taxicab and other urban transport services.

(b) The purposes of this Act are to provide for the identification, collection, analysis, and reporting of comprehensive, comparable, objective, and reliable data and information about the current status and changing trends of mobility in urban areas, and the operating and financial conditions of urban passenger and freight properties and carriers, in order to assist Federal, State, and local governments to—

(1) determine adequate quality, safety, and quantity of all urban transport systems and services in urban areas;

(2) support Federal, State, and local evaluations of the efficient performance of urban transport operations and services;

(3) provide information by which urban transport properties can comparatively analyze and evaluate their own operations and procedures; and

(4) provide factual information to assist governments in deciding allocations of public funds for assisting urban transport systems and services.

ESTABLISHMENT OF URBAN TRANSPORT DATA BOARD

SEC. 3. (a) There is hereby established within the Department of Transportation an Urban Transport Data Board (hereinafter referred to as the "Board"), consisting of three members appointed by the President, by and with the advice and consent of the Senate.

(b)(1) Members of the Board shall be appointed with due regard to their fitness for the efficient dispatch of the functions, powers, and duties vested in and imposed upon the Board, and to their qualifications to serve by virtue of their education or experience.

(2) One member shall have experience in and be representative of urban mass transportation operations; one member shall have had experience in and be representative of urban highway or automotive transport systems; and one member shall have had education or experience in urban transportation generally and be representative of the general public. No more than two members of the Board shall be of the same political party.

(3) No person who is in the employ of or holds any official relation to any State or local public body or public or private urban transport service, company, or property subject to the provisions of this Act, or who owns any stock or bonds of any such service, company, or property or of any urban transport equipment manufacturing or road or rail planning, engineering, or construction company, or who is in any manner pecuniarily interested therein, shall enter upon the duties of or hold office as a Board member. At least one of the Board members at any time shall be an individual who (prior to his appointment) was not an employee of and did not derive a substantial portion of his income from any business, corporation, governmental agency, or other entity deriving a principal portion of its income or revenue from transportation planning, operations, or regulation. Board members shall not engage in any other business, vocation, or employment.

(c)(1) Members of the Board shall be appointed for terms of seven years, except that (A) any member appointed 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, and (B) the three members first appointed shall serve for terms (designated by the President at the time of appointment) ending respectively on the last day of the third, fifth, and seventh calendar years beginning after the year in which this Act is enacted.

(2) Upon expiration of his term of office, a member shall continue to serve until his successor is appointed and has qualified. No vacancy in the Board shall impair the right of the remaining members to exercise all the powers of the Board. If no vacancies exist, two of the members shall constitute a quorum of the Board. Members may be removed by the President for inefficiency, neglect of duty, or malfeasance in office.

(d)(1) The President shall designate the Chairman at the time of his appointment to the Board. The Chairman shall be the chief executive and administrative officer of the Board and shall exercise the responsibility of the Board with respect to (A) the appointment, promotion, and supervision of personnel employed by the Board, (B) the distribution of business among such personnel and among administrative units under the Board, and (C) the use and expenditure of funds. In executing and administering the functions of the Board on its behalf, the Chairman shall be governed by the general policies and administrative procedures of the Board and by its decisions, findings, and determinations.

(2) The appointment by the Chairman of the heads of major administrative units under the Board shall be subject to the approval of the Board. The Chairman may from time to time make such provisions as he shall deem appropriate authorizing the performance by any officer, employee, or administrative unit under his jurisdiction of any of his functions under paragraph (1), subject to approval of the Board.

(3) In the absence or incapacity of the Chairman, or in the event of a vacancy in the office of the Chairman, the Board member with the longest time in service on the Board shall serve as Acting Chairman, and shall exercise all of the powers and responsibilities of the Chairman until a new Chairman is appointed and has qualified.

AUTHORITY AND DUTIES OF THE BOARD

SEC. 4. (a)(1) The Board is authorized to establish such rules, regulations, and procedures as are necessary to the exercise of its functions and to carry out the purposes for which it is created.

(2) In the exercise of its functions, powers, and duties, the Board shall make special efforts to establish rules and procedures to insure factual accuracy, timeliness and objectivity in identifying, collecting, and reporting data and information, and shall be independent of the Secretary and other offices and officers of the department and other executive agencies in all such data identification, collection, and reporting.

(3) The Board may delegate to any officer or official of the Board or, with the approval of the Secretary, to any officer or official of the Department, such of its functions as it may deem appropriate.

(b)(1) The Board is authorized to require annual, periodic, or special reports (A) from properties (as defined in section 6(6)) which are engaged in the provision of intraurban area transport services, and (B) from local public bodies (as defined in section 6(2)) which are responsible for regulating or otherwise supervising such properties. The Board is authorized to prescribe the manner and form in which such reports shall be made, and to require from such properties and public bodies specific and full, true, and correct answers to all questions upon which the Board may deem information to be necessary, classifying such properties and bodies as it may deem proper for any of these purposes. Each such annual report shall give an account of the affairs of the property or body involved with respect to its urban transport services and operations, including the movement of passengers and freight and the receipt and expenditure of moneys, in such form and detail as may be prescribed by the Board.

(2) The Board may, in its discretion, for the purpose of enabling it the better to carry out the purposes of this Act, prescribe a uniform system of accounts and records applicable to any class of property or body subject thereto, and a period of time within which such class shall have such uniform system of accounts and records and the manner in which such accounts and records shall be kept.

(3) The Board or any duly authorized special agent, accountant, or examiner thereof shall at all times have authority to inspect and copy any and all accounts, books, records, memorandums, correspondence, and other documents, of properties and public bodies described in paragraph (1), and such accounts, books, records, memorandums, correspondence, and other documents of any person or agency controlling or controlled by any such property or body as the Board deems relevant to such person's or agency's relation to a transaction with such property or body.

(4) In carrying out its functions, the Board (or, upon the authorization of the Board, any member thereof, or any hearing examiner assigned to or employed by the Board) shall have the same powers as are vested in the Secretary to hold hearings, assign and issue subpenas, administer oaths, examine witnesses, and receive testimony at any place in the United States it may designate.

(5) The Board is authorized, on a reimbursable basis when appropriate, to use the available services, equipment, personnel, and facilities of the Department and of other civilian or military agencies and instrumentalities in the establishment and use of the services, equipment, and facilities of the Board. The Board is further authorized to confer with and avail itself of the cooperation, services, records, and facilities of State, territorial, municipal, or other local agencies.

(6) Periodic or special reports or information duly required by the Board under the provisions of this Act shall be submitted under oath. In case of failure or refusal on the part of any property or local public body to keep accounts and records in the form and manner prescribed and to provide reports or information duly required by the Board, such property or public body shall forfeit to the United States not to exceed $5,000 for each such failure or refusal and for each day during which such failure or refusal continues. Any person who shall knowingly and willfully make, cause to be made, or participate in the making of any false entry in any account, report, or record required by the Board under this Act or shall knowingly or willfully file with the Board any false report or other document, shall be deemed guilty of a misdemeanor and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not more than $5,000 or imprisonment for not more than two years, or both such fine and imprisonment.

(c)(1) The Board shall report to the Congress annually on the conduct of its functions under this Act and the effectiveness of its data identification, collection, analysis, and reporting procedures, together with such recommendations for legislation as it may deem appropriate.

(2) Except as otherwise provided by law, the Board shall make public all reports, orders, decisions, rules, and regulations issued by it on the status and performance of urban transport systems and services. The Board shall also make public every recommendation made to the Secretary or any other officer of the Department and every special study conducted by or for the Board.

(3) The Board is authorized, upon the written request of any person, or any State, territory, possession, or political subdivision thereof, to make special statistical studies relating to foreign or domestc urban transportation, to prepare from its records special statistical compilations, and to furnish transcripts of its studies, tables, and other records upon the payment of the actual cost of such work by the person or body requesting it.

(d) None of the provisions of this Act shall be construed to authorize the Board to regulate in any manner the operation of any urban transport service or system, but nothing in this subsection shall prevent the Board from taking such actions as may be necessary to require compliance by the properties or local public bodies involved with duly authorized undertaking by the Board.

ADMINISTRATIVE PROVISIONS

SEC. 5 (a) Subject to the civil service and classification provisions of title 5, United States Code, the Board is authorized to establish administrative procedures to guide the Chairman in selecting, appointing, employing, and fixing the compensation of such officers and employees, including accountants, attorneys, and hearing examiners, as shall be necessary to carry out its powers and duties under this Act.

(b) The Board is authorized to appoint, without regard to the civil service provisions of title 5, United States Code, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Board in performance of its functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Board, may be paid compensation at rates not exceeding those authorized for individuals under section 9 of the Department of Transportation Act, and while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(c) The Board is authorized to enter into contracts with educational institutions, and with public or private agencies or organizations or persons, for the conduct of research and preparation of monographs or reports on any aspect of problems related to the functions of the Board.

(d) (1) Section 5314 of title 5 of the United States Code is amended by adding at the end thereof the following new paragraph:

"(60) Chairman, Urban Transport Data Board."

(2) Section 5315 of such title 5 is amended by adding at the end thereof the following new paragraph:

"(98) Members, Urban Transport Data Board (2)".

DEFINITIONS

SEC. 6. As used in this Act—

(1) the term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States;

(2) the term "local public body" includes municipalities and the political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of divisions of States, and public corporations, boards, and commissions established under the laws of any State, concerned with planning, financing, constructing, operating, or regulating the provision of urban transport systems and services;

(3) the term "Secretary" means the Secretary of Transportation;

(4) the term "urban area" means any area that includes a municipality or other built-up place which is appropriate, in the judgment of the Secretary, for a public transportation system to serve commuters or others in the locality taking into consideration the local patterns and trends of urban growth;

(5) the term "urban transport systems and services" means all modes of intraurban area transportation facilities, and passenger and freight carriage by bus, rail, truck, taxicab, or other conveyance, either publicly or privately owned, provided the public and freight shipper as a general or special service on a regular and continuing basis, whether for hire or by contract; and

(6) the term "property" includes taxicab, motor truck, bus, trolley coach, or rail transit firms or companies or combinations thereof, employing twelve or more persons, either publicly or privately owned.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. There is authorized to be appropriated each year, without fiscal year limitation, an amount not to exceed the higher of (1) $8,000,000, or (2) one-quarter of 1 per centum of the total Federal funds committed during the preceding year for assistance to all forms of urban transportation.

A WAY TO HELP AVOID AN ECONOMIC CRISIS: STOP EXCESSIVE GOVERNMENT SPENDING AT THE TAXPAYERS' EXPENSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 10 minutes.

Mr. KEMP. Mr. Speaker, every single dollar spent by the Federal Government comes from one place—the taxpayer.

Government has no source of income but the people's pocketbooks.

Everything the Government takes to feed its insatiable appetite leaves the taxpayer with less. And over the past years, he has been left with less and less and less.

More Government spending means less "take home" pay. It means less with which to build savings. It means less for retirement. It means less for your children's education. It means less cushion for the future, for hard times.

The taxpayer pays for Government's spending through his income taxes, and through special or hidden taxes, and through higher costs of goods because businesses must pay higher taxes, and through reduced earnings power when Government just prints more paper money to pay its bills. In summary, it is the taxpayer who foots these bills. And, he is being told every year that he is going to pay more and more. It has got to come to a stop.

How many dollars is the taxpayer being asked to cough up to meet the costs of the proposed budget submitted to the Congress this week? Three hundred and four billion of them. That is a full $1 million, multiplied by $304,000. That is incomprehensible. It defies the imagination of anyone to envisage how much money that really is.

THERE MUST BE A LIMIT TO FEDERAL SPENDING

Government spending—and the raising of revenues to pay for that spending—must have a ceiling beyond which it invites either or both the collapse of the economic strength of the Nation and freedom itself. History says that is about one-fourth to one-third. We are at that point.

The statistics show the tendencies of Goevrnment to siphon off ever greater shares of the people's income for itself. Government must realize that it cannot indefinitely tax the people at constantly increasing levels without destroying the people's ability to support themselves and their families. In the end they will end up defenseless, at the mercy of a vast amorphous bureaucracy which perpetuates itself through the consumption of the people's money.

If we, as Americans, allow these trends to continue, it is only a matter of time before we will have almost nothing of our earnings to spend for ourselves. The spectre of such utter dependence on Government should be frightening to every citizen who values our traditional values of self-reliance and our productive free enterprise way of life.

THE PRESIDENT'S BUDGET MESSAGE: ACTIONS SPEAK LOUDER THAN WORDS

In my opinion, the President's budget message has to be the worst conceived of any on record—at least of any Republican President on record. It embodies the worst of Keynesian economic principles—planned deficits, the use of the Government's spending power to compensate for declines in other segments of the economy—all at the taxpayers' expense. It fosters inflation by spending a full $30 billion over this year's budget and by encouraging the Federal Reserve to print ever-increasing amounts of paper money—without increasing what stands behind it—to help pay the bills for which tax revenues are not enough.

It is hard, in all candor, to realize that a budget proposal resting on such misguided principles and proposing such outrageous levels of expenditures came from a President whose political party has, historically, been known for the advocacy of fiscal integrity, less taxes and less spending, reducing the size of government and the number of its employees, balanced budgets and paying our own way now—rather than passing on our national debt to our children.

A year ago, the President confidently mapped out the course he wanted the second term to take: Fewer bureaucrats, fewer programs, tighter control of spending. Even in his state of the Union message of last week, he said:

The way to hold down inflation is to hold down Federal spending.

I suggest that the deeds do not match the rhetoric; and, actions always speak louder than words.

Instead of reduced Federal spending, it will be up to a $30-plus billion.

Instead of a balanced budget, the budget message actually forecasts a deficit of over $9 billion.

Instead of reducing the national debt—or even holding the line, the budget message predicts an increase of over $20-plus billion.

Instead of curbing inflation, the budget message proposes adding $30 billion with which to fuel it.

Instead of reducing inflation, the best the budget can forecast is trying to keep it down to 7 percent.

And, as we examine these projected deficits and increases in the debt, we should keep in mind that revenue projections for the budget were based on expectations of a steady economy. If we do slip into a recessionary period, revenues will be less, and deficits and debt will be more.

WHAT TO DO

Mr. Speaker, there are several important measures which can be pursued.

There is much in the budget which is good and which I will support. Those items, however, are not the subject of my concerns.

The task is now squarely before the Congress to exercise its responsibilities as to the excesses in the budget. The Presi-

dent is to blame for having proposed the excessive character of this budget. The Congress will be to blame if it approves its excessive features.

We in the Congress should take these measures:

First, we should examine thoroughly every proposal for continued spending. We should employ the notion of a zero budget base—that is, every program must be justified, on the basis of present needs and present funds available as to its continued claim upon the taxpayers' moneys—as a vehicle for determining which programs get what money.

Second, we should immediately enact the Budget Reform and Impoundment Act which has already passed the House. Congress should, using the principles embodied in that legislation, move immediately toward its own determinations of the peoples' priorities. This must operate from an all-important premise—that the total amount of appropriations made by us shall not exceed the projected revenue. In other words, we should plan on no deficit. By determining first how much money we have, secondly that we will spend no more than that, if we are forced to make the essential judgments as to priorities, something badly needed.

Third, any vast new Federal program requiring large public expenditures should be tested and tried on an experimental basis to see if it works before it becomes applicable to the whole Nation and all the people. Before we enact broad laws, promulgate extensive regulations, create or increase the size of bureaus, before we hire more people and spend more money, should not we see if the program works first?

A PERSONAL COMMITMENT

If the Congress does not bite the proverbial bullet and live up to our responsibilities, we will be held accountable by the people for such failures.

Reckless fiscal policies result in higher taxes, galloping inflation and a reduction in purchasing power, and even devaluations of the dollar. I am fully committed to oppose any such policies, and I think the people stand with me in this battle.

FEDERAL SUBSIDIZED HOUSING PROGRAM FOR THE ELDERLY AND THE HANDICAPPED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. WIDNALL) is recognized for 10 minutes.

Mr. WIDNALL. Mr. Speaker, over the past several months, many of my colleagues have shared serious concern for low income families in need of housing. I believe our concern has been given substantial recognition in both the administration's budget request for fiscal year 1975, and in assurances regarding the elderly and handicapped which I received from HUD Secretary, James T. Lynn. I would like to note these facts for the record.

It will be recalled that in September 1973 the administration's study of subsidized housing included a commitment for 200,000 additional subsidized units during fiscal year 1974. HUD emphasized that while approximately 80,000 units of section 236 interest subsidy on multifamily rental units would be included in order to fulfill prior commitments, the balance would utilize the section 23 leased housing program. This program serves low-income families through the auspices of State and local housing authorities and it offers the advantage of efficiently serving the basic needs of the lowest income families. This is done through the use of suitable existing housing as well as new construction. The fact that this program has been singled out as the best available for serving those in greatest need is most gratifying to me. I am quite proud to acknowledge my origination of the concept for this program.

Yesterday the administration requested an additional 300,000 units under section 23 in the fiscal year 1975 budget. I applaud this action and I know that my colleagues will join with me.

This action assures that subsidies for low-income families will continue at significant levels, even though the study of more desirable programs will be continuing.

The projected cumulative level of subsidized units to be authorized or completed during fiscal years 1974 and 1975, will be 624,700. This is indeed noteworthy.

In addition to these facts, I believe our colleagues will be pleased to learn of the consideration Secretary Lynn proposes to extend to our senior citizens and adults with enduring handicaps. Perhaps no segment of the low income population is more deserving of assistance. The Secretary agrees that specific actions are needed for such groups.

Generally, the proposed utilization of section 23 aims at avoiding concentrations of low income families in projects. Limiting the number of low income families in a project offers a distinct advantage, and the administration has proposed a limit of 20-percent low income families in any project. However, in recognition of the different needs of our elderly population, the administration has agreed to authorize leasing of 100 percent of the units in special projects for the elderly. To insure provision of the projects specifically designed for the elderly and the handicapped, 25 percent of the available contract authority will be reserved for such groups.

It is a fact that there are contrasting considerations between special groups such as the elderly and the general family in need. Secretary Lynn has now suggested that appropriate consideration will be offered to both categories.

I heartily commend these actions and I am sure they will be well received by all concerned.

Mr. Speaker, I submit copies of the 1974 and 1975 projections for HUD subsidized housing units and copies of my correspondence with Secretary Lynn for the RECORD:

NOVEMBER 27, 1973.

Hon. JAMES T. LYNN,
Secretary, Department of Housing and Urban Development, Washington, D.C.

DEAR JIM: In reviewing the HUD Section 23 Leased New Construction Handbook, I note that, without exception, priority will be given to those applications proposing to lease not more than twenty percent of the units in a single project.

While I can accept this policy as one which might best serve the interests of the general category of families, I find serious concern that the same advantages would not be served for the elderly and the handicapped. I refer, of course, to the widely demonstrated advantages in serving the special needs of the elderly and the handicapped through housing projects which are specifically designed and exclusively operated for such tenants. A policy of equal priority in the leasing of all units in such a project, or not more than twenty percent of the units in a family type project, seems to be both necessary and appropriate.

I am aware and pleased to acknowledge that you share my concern for assisting these special groups. Therefore, I will not attempt to expand upon the justifications for equal treatment.

It would be especially helpful to all concerned, however, if a statement of intent or clarification of priority to be given to special projects could be provided.

Your cooperation and assistance is, as always, greatly appreciated.

Sincerely,

WILLIAM B. WIDNALL,
Member of Congress.

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., February 4, 1974.

Hon. WILLIAM B. WIDNALL,
House of Representatives,
Washington, D.C.

DEAR BILL: I apologize for taking so long in answering your very helpful letter of November 27.

You may be assured that I share your deep concern for the special needs of the elderly and the handicapped, and I can understand your further concern with our proposed Section 23 regulations which provide a priority for projects in which fewer than 20% of the units are under subsidy.

The comment period on the regulations will soon expire, and we shall be carefully evaluating all of the comments we have received. But without prejudging decisions that will be made at that time, I think I can assure you now that we will be providing in the regulations which become effective for projects which will permit up to 100% of the units to be under subsidy in the case of elderly or handicapped tenants. Furthermore, I anticipate reserving something like 25% of the contract authority for units for use by the elderly and handicapped.

As you know, some of our most helpful sponsors of projects for the elderly and handicapped have been religious and other not-for-profit organizations who provide not only the managerial skill to develop and operate the project but also the special dedication so necessary to make these projects the kinds of homes our senior citizens deserve. In this regard, you should know that we now have under consideration a proposal whereby contract authority would be allocated to State housing agencies in accordance with Section 23 and the State agencies would then work directly with not-for-profit sponsors as developer-owner-operators of the projects. In addition, not-for-profit sponsors are permitted under Section 23 to lease projects to local housing authorities as well. We are hopeful that the State agencies will respond affirmatively to this proposal so that not-for-profit sponsors of projects for the elderly and the handicapped will continue to play, under improved programs, the role they have so ably played in the past.

Because I know of your deep concern and sensitivity to these groups, I would be pleased to have any comments you may have, Bill, on the proposals I have described. With best regards,

Sincerely,

JAMES T. LYNN.

SUBSIDIZED HOUSING UNITS, FISCAL YEARS AND 1974 1975

	1974	1975	2-yr. total
Old programs—Units in pipeline as of Jan. 5, 1973, suspension:			
New (including rent supplement piggyback)	115,520	----------	115,520
Existing	9,180	----------	9,180
Subtotal	124,700	----------	124,700
Additional bona fide commitments under old programs	82,000	----------	82,000
New leasing program:			
New construction	68,000	225,000	293,000
Existing	50,000	75,000	125,000
Subtotal	118,000	300,000	418,000
Total, all programs	324,700	300,000	624,700
New	(265,520)	(225,000)	(490,520)
Existing	(59,180)	(75,000)	(134,180)

DEGRADATION OF EDUCATION IN DOD WILL DESTROY OUR DEFENSE CAPABILITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. TALCOTT) is recognized for 10 minutes.

Mr. TALCOTT. Mr. Speaker, I believe it is essential that we in the Congress, and every American citizen, understand some ominous trends that are adversely affecting our Defense Department, the military services and our national security.

One of the most serious developments is the degradation of education among defense personnel.

The most valuable ingredient of service personnel is education and training—not a fighting instinct, not superpatriotism, not physical fitness, not their sophisticated weapons. All of these are important, but all can go for naught without superior motivation, education, and training.

During mobilization for war and during periods of warfare, education and training are necessarily neglected. This was certainly true in our military services during the Vietnam period.

During peacetime is the time to get prepared for any contingency—education and training are the best preparations.

The Volunteer Army is congressional policy. The citizenry has demanded it. The Defense Department is committed to making it successful. The best inducement to a competent and dedicated volunteer is an assurance of professional growth and career advancement. Only continuing education and training can provide this inducement. Better wages, housing, and support facilities and less moving and less meaningless activity all help; but education and training are most important, from the newest recruit to the admiral and generals.

Naturally, a serviceman or woman has more leisure time during peacetime. This time could be utilized to benefit the services and to improve the competence and usefulness of the servicemen and women.

In order for military personnel to compete with their counterparts in civilian and other governmental pursuits, they must have equal education qualifications. Presently they are comparatively deficient. I say this without meaning to deprecate any particular service or any particular personnel. But the proof is available.

The reason the services get "snookered" in construction contracts and contracts for the development of new weapons, the reason for the regrettable overruns, the reason the military is often degraded is, in large measure, caused by an educational and professional deficiency.

This educational deficiency is caused, even nurtured, by various groups or schools of thought within the DOD, the Congress, and various committees of the Congress.

One group wants to gut the military—the easiest and surest way to cripple the military is to cut the education and training programs. An ill-trained, ill-educated military is certain to deteriorate and to perform badly in every aspect. An undereducated Army will not be prepared well, will not be equipped well, will not be commanded well, will not defend us well—or successfully.

Another group wants to cut the military budget to display frugality or to economize.

"Pennywise and pound foolish" economizers often pick out educational programs for cuts because they are easy to identify and their urgency is not as obvious as a new weapon.

Another group are the accountants who can only compute the arithmetic cost per person of education or training but do not appreciate the value of education to the serviceman, the services or our Nation. These narrowminded bookkeepers unknowingly degrade the services most of all.

We too often applaud these bookkeepers who suggest saving a few cents and show us how we can reduce an appropriation bill by a few dollars by cutting our education programs—and forget that they cost us millions in future incompetence by denying our personnel the education and training they need to perform their duties successfully.

In the service, all personnel need continuing training and education. Some could utilize graduate degrees and specialized training. Any upward-bound young officer is not "worth his salt" or worthy of promotion unless he acquires increased proficiency and capacity by education.

There are dozens of examples I can cite—others could cite many more—to show a degredation of education in the services.

Almost every prospective recruit inquires about the educational opportunities in the service. Many disdain enlistment because of the lack of opportunity for education or career advancement. This may be the predominant deterrent to enlistment of the type of recruit we desire.

Servicemen, like policemen, cannot expect to maintain active duty status for life. So every serviceman knows that he will be required to equip himself for a second career. He knows this will require training and education in something different from combat skills. The service must provide such training and education as a social requirement as well as an inducement to volunteers.

The services, like all businesses, should encourage their personnel to improve their education and skills for the betterment of the individual, his family, his employer, and society.

Any serviceman who is willing to obtain advance degrees or higher skills should be given the opportunity. Presently these opportunities are limited and the limitations are increasing.

The Congress has given the services our ultimatum not to send their upward-bound, exceptional officers to universities that disbanded ROTC during the frenetic campus aberrations of the 1960's. This denies to many young officers the best education they can assimilate. This cuts off our noses to spite our faces. This degrades the educational level of our service personnel without making a point or making any progress toward reestablishing normal relationships between the military and the academy.

In the 1974 defense budget, graduate education was cut 20 percent. This cut is almost mortal. Such a cut is demoralizing to the best personnel. Such a cut is devastating to those who want our military personnel to be the most competent, best trained and most highly skilled. Such a cut is a threat to the intellectual, the bright, the intelligent officer. Such a cut tells the young, ambitious, upward-bound officer that the Congress is always going to dampen the spirit and hamper the progress of those who want to excel.

Few men want to serve in a "dumb killer outfit" but this is what the Congress is making out of the defense forces by depriving them of opportunities to improve their educational levels and their professional skills.

Many of the troubles and problems we encountered in Vietnam were attributable to inadequate education, training, and skill. We are perpetuating the problems by degrading education and training in the services.

There are some very clear lessons we in the United States can learn from the 1967 and 1973 wars in the Middle East.

Intelligence, security, modern weapons, quick supply, the C–5 airlift, and surprise are very important of course. The ingredients that were most helpful and decisive to the Israelis were superior motivation—a life or death predicament—and excellence in the training, skill, education, and knowledge of their personnel—from recruit to field generals.

The record of the war indicated that the Arabs greatly improved the level of their personnel excellence. If they could have closed the "personnel excellence" gap of the 1967 war by the beginning of 1973 war the result may have been much different. The war would have been greatly extended and our involvement could have been greatly increased and immeasurably more expensive.

The fact that excellence of personnel was more determinative of the outcome than superiority of equipment, ordnance or weapons is not lost on the Israelis, the Arabs, the Soviets, or our Defense Department.

Excellence of personnel requires extraordinary intelligence, education, and training of all involved from the foot soldier to the field general but, of course, the officer and leadership corps is most important and critical.

We know that the Israelis have emphasized superior education, training, and skill in their military forces. Superior personnel permitted them to cope with a surprise attack; to turn quickly from defense to offense; to be flexible, innovative, and adaptive on the battlefield; to quickly utilize war materials supplied by the United States; to operate sophisticated equipment and weapons; to wage a war on two fronts, at sea, and in the air; to quickly and efficiently integrate their Reserve and Regular forces; to treat and care for their wounded.

The U.S. military personnel cannot presently duplicate this performance simply because we do not accord them the same opportunity to obtain or achieve comparable excellence by education or training.

In fact, the Congress has consistently, and now in the 1974 budget dramatically, degraded education and training for military personnel.

We need more hours in schools and training sessions, we need more degrees and diplomas, we should encourage every serviceman to build upon his present level of education, training, and skill.

I fear that we will quickly become a second-rate military power if the Congress does not quickly reverse the anti-intellectual, antieducation, antitraining attitude toward our military personnel.

CONVENTION ON CONDUCT OF FISHING OPERATIONS IN NORTH ATLANTIC

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRASER) is recognized for 5 minutes.

Mr. FRASER. Mr. Speaker, today I am introducing a revised bill to give effect to the Convention on Conduct of Fishing Operations in the North Atlantic. This bill is intended to supercede H.R. 6778 whose title is identical. I introduced H.R. 6778 on April 10, 1973 at the request of the administration and a public hearing was held on May 15, 1973 by the subcommittee I chair—the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs. Since several disagreements between witnesses from the administration and the fishing industry remained unresolved at the conclusion of the hearing, the subcommittee decided to postpone further action on H.R. 6778 until the concerned parties made additional efforts to reach agreement among themselves through consultations.

On December 20, 1973, I was informed by letter from Ambassador Donald L. McKernan, Coordinator of Ocean Affairs, Department of State that consultations had been held, that they yielded "substantial accommodation" on the differerences between government and industry, and that the administration now hopes it will be possible to move toward enactment of a revised bill. The bill I am introducing today is a clean bill incorporating the amendments to H.R. 6778 which were suggested by the State Department as a result of consultations with industry.

In his letter to me, Ambassador McKernan said further:

It is our understanding that the above-discussed amendments to H.R. 6778 and the aspects relating to the Annexes are generally satisfactory to both industry and the Executive agencies concerned. However, some segments of industry still would not favor enactment of the bill at this time because they feel that additional regulations should not be imposed on American fishermen until all the problems associated with foreign fishing off our coast are brought under control. The Executive is fully sympathetic to this attitude, but believes, nevertheless, that it is desirable to move ahead with this legislation to bring its safety and damage settlement provisions into effect at the same time that other actions are taken to cope with the fisheries problems which confront us.

We expect the forthcoming U.N. Law of the Sea Conference to give the United States all necessary authority to manage and conserve our coastal fisheries in order to preserve the stocks and benefit our fishermen. While we oppose unilateral action to achieve this goal in the meanwhile, we are pledged to take every possible interim action within the bounds of international law to protect our fisheries, conserve these valuable natural resources, and resolve conflicts with foreign fishermen. We believe that enactment of the pending legislation will contribute to this objective.

I hope to hold a subcommittee hearing on this bill as early as possible in February.

A TRIBUTE TO CHARLES TEAGUE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of New York. Mr. Speaker, I was saddened to learn of the death of our distinguished colleague, Charles Teague. Charlie Teague's long and dedicated career can be capsulated in these words: "service to the people." This he did with excellence, with honor, and integrity. He will be remembered for his diligent work as the ranking minority member of the House Agriculture Committee. In this position he was always alert to protect the free market from unnecessary governmental intrusions. As a member of the Veterans' Affairs Committee, he consistently worked for increased benefits for our returning fighting men. Always a strong proponent of conservation and environmental programs, he was very influential in obtaining a ban on offshore oil drilling platforms in the Santa Barbara Channel. These are just a few examples of how he served his district and his country.

Charlie Teague died on the dawn of the New Year. Let us go forth to meet the challenge this year with the same determination and vigor that our dear friend would have. The 13th District of California will surely miss the leadership of this great representative, and we will miss his companionship here in the House.

USE OF DRUGS OVERSEAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, the problems created by American use of drugs overseas continues to be a distressing and serious matter. There are presently 1,000 Americans being held in foreign jails for narcotics violations. Brazen drug peddling on the streets of Europe and Asia entices many Americans to use drugs while traveling. The widespread availability of drugs abroad seems to contradict warnings given our youngsters before their departure. In many cases, penalties for the use of drugs can be much stricter overseas than in the United States, particularly for foreign offenders. Law enforcement authorities overseas tend to punish young Americans caught violating the drug laws much more severely than their own citizens, often because they believe this will demonstrate to the United States a strong commitment to wiping out drug traffic and drug abuse. Tragically, their commitment does not seem to extend beyond arresting American drug abusers.

I am afraid that many young Americans are unaware of these facts, or begin to doubt them when they arrive overseas. Therefore, today I am introducing legislation with cosponsors which will educate Americans about the problems associated with drug use overseas before their departure. This bill requires the distribution of a specifically designed pamphlet, outlining the laws and penalties relating to drug use in other nations. In addition, the pamphlet will emphasize the inability of the U.S. Government to free an American tourist once he is arrested. This list and warning must be issued with all tickets for passage across international borders. Finally, these warnings will be displayed in poster form at all ticket counters and travel agencies.

Up to now, no major effort has been initiated by this Government to educate our young Americans about their legal vulnerability when arrested for narcotics abuse in another country. We must meet our responsibility to these young men and women and warn them of the risks they take by becoming involved with drugs.

Many of the 1,000 Americans under detention for narcotics violations might be safe at home now if only they had been aware of the pitfalls of drug use in foreign countries before they left the United States.

I urge my colleagues' support for this measure, for it will remedy a serious situation which affects us all.

IMPROVED MEDICARE SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

man from Tennessee (Mr. FULTON) is recognized for 10 minutes.

Mr. FULTON. Mr. Speaker, I have today introduced a bill which has the potential of vastly improving the medicare and medicaid systems of paying for physcians' services. The bill has several important advantages for medicare patients, for their physicians, and for the Government.

My bill would provide an option, on a State-by-State basis, to the present system—a system which has been criticized strongly by both patients and physicians and which results in high administrative costs.

The optional system is quite simple. Here is how it would work.

First, the optional system would go into effect in a State only if the Governor of the State requested it. The Governor would submit a proposed fee schedule, worked out with the State medical society, and uniform throughout the State, to the Secretary of Health, Education, and Welfare. The Secretary would be required to approve the request and the fee schedule if he found that using the fee schedule would not increase program costs over the present system.

When the Secretary approved the request he would publish the fee schedule so that everyone, patient and physician, would know what the program would pay. All physicians in the State would have an individual choice of whether to "participate" in the medicaid and medicare programs. This is what "participation" means.

Participating physicians would submit regular billings to medicare and medicaid—on the same claims form—and receive reimbursement directly from the programs at full fee schedule amounts—no deductible or coinsurance amounts would be withheld. The physician could request that he be paid on a consolidated bill basis—that is, he could submit one bill at the end of each week or two listing all services to all medicaid and medicare patients and receive promptly one check covering all the services. In return, the participating physician would agree to accept the fee schedule amount as payment in full.

If a physican decided not to participate the system would work much as it does now. The programs would pay the fee schedule amount, less any deductibles and coinsurance amounts, directly to the patient and the patient would be responsible for paying the physician whatever the patient and physician had agreed on as the charge.

Provisions are included in the bill to permit physicians to change from participating status and back again upon adequate notice.

The amount the programs paid for deductible and coinsurance amounts to a physician on behalf of a medicare beneficiary in a fiscal year would be collected by deduction in equal installments from the cash benefits payable to the beneficiary in the following calendar year—or added to the premiums in the case of those who are not getting benefits.

That is really all there is to the option—it clearly greatly simplifies the present system.

Now let me go into more detail on what I see as the advantages of the proposed system.

ADVANTAGES FOR MEDICARE PATIENTS

The medicare patients in any State which adopts this system would be in a better position on several scores.

First, patients would know, as they do not know under the present system, exactly what the program would pay for the physicians' services they need.

Two, patients would know which physicians would accept the program payment as payment in full.

Third, patients whose physicians participated would not have to maintain records and submit claims themselves—a very great advantage for anyone, but especially older ill people.

Fourth, patients whose physicians participated would know that they would not have to pay more than the $60 deductible and the 20-percent coinsurance. As members know, in a great many cases today the patient pays much more than 20 percent of the actual charge.

Fifth, patients would, of course, continue to have completely free choice of physician, but, unlike the present system, would have more information on which to base that choice. In addition, of course, any patient who chose a nonparticipating physician would be in no worse position than he is today.

ADVANTAGES FOR PHYSICIANS

There are several advantages to the proposed system which most physicians should find very attractive and which would, I believe, result in most physicians deciding to participate.

First, physicians retain complete choice on whether to participate in the program and on what patients they want to accept. And he has the freedom to move from one status to another based on what he thinks best for his patients and his practice.

Second, the physician who chose to participate will know, just as his patients would, what the program will pay. Under the present system many physicians have no idea how the medicare carrier decides what is a reasonable charge and are understandably confused and irritated by its irrationalities.

Third, the participating physician would be able to reduce the paperwork burden his office now shoulders for medicare and medicaid patients. Instead of having to produce a separate claims form for each service for each patient, he can list on one form all services for all patients over a period of a week or two. He would then get a single check to cover that consolidated bill. In addition, all of his paperwork in billing and collecting from patients separately for deductible and coinsurance amounts would be completely eliminated. It is fair to conclude, I believe, that the medicare and medicaid paperwork burdens on physicians could be reduced to one-tenth or less of what it is now.

Fourth, since there would be a single fee schedule for a whole State, differentials between urban and rural areas would disappear, thus putting the rural practicing physician on a par with other physicians. I really believe that eliminating these differentials will make a substantial contribution to getting more physicians to practice in our doctor-short rural areas.

Fifth, since the fee schedule would be worked out with the medical society, it would be physicians themselves who would decide on the relative value of the various medical procedures.

ADVANTAGES FOR THE GOVERNMENT

There would also be significant advantages to the Government to be derived whenever this option was adopted in a State.

First, the Government could reduce its paperwork handling significantly since for participating physicians a single billed form could be processed in place of many individual claims.

Second, the medicare carriers and medicaid claims operation would no longer have to spend the funds and energy necessary to maintain reasonable charge profiles and related information in every physician in the State. The reduced costs resulting from these advantages would be much more than sufficient to meet the additional cost of collecting deductibles and coinsurance amounts from patients.

Third, the Government would not have any increased claims costs because the fee schedule could not be set so high as to yield higher costs than the present system. The mechanism for modifying the fee schedule would also follow the system used in present law—increasing the recognized fee in relation to a combination of increases in prices and wages.

CONCLUSION

I believe that the bill I have introduced today can solve many of the problems with medicare and medicaid reimbursement for physicians' services. I hope that all Members will study the bill and join me in sponsoring it if they see the same advantages I do.

I also invite everyone else interested in this problem to study this bill and make any comments or suggestions they may have.

HEARING ON NATIONAL TRANSPORTATION POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 5 minutes.

Mr. MCFALL. Mr. Speaker, we are faced with an ever-increasing transportation quandary: How are we going to get there from here? Studies indicate that by 1990, we will have to double the transportation capacity of this Nation; we will need twice the transportation facilities which we have developed and installed in this Nation since its founding in 1776. Not only that, we will have to accomplish all this without ruining our environment and without wasting our energy resources as we have done in the past. The only sane way to attempt

this task is to begin with an articulation of goals and methods—a policy.

We are all familiar with the interstate highway program and have our own opinions about its impacts, negative and positive, on America's cities and its transportation resources. Clearly, one major reason for this program's dramatic momentum and achievement has been its focus on reaching a simply described and easily understood, agreed-upon goal. It is this sort of direction and commitment which is lacking with regard to the concept for all-mode transportation. Faced with ever-increasing demands for Federal expenditures on transportation, the Transportation Appropriations Subcommittee has become acutely aware of the need to know where these expenditures will lead us and how they will contribute toward a truly integrated national transportation system.

I think the Federal role in this area is well established, but clearly, what we have seen from the Department of Transportation so far cannot be considered a national transportation policy. The concept of a Department of Transportation was to pull together the fragmented transportation modes in order that they might function in a coordinated fashion. That sort of coordination will not come into being until an integrated transportation policy has been developed. Secretary of Transportation Claude Brinegar has been working on such a policy for the past year. Organizations representing major segments of the industry are eager to express their opinions as well.

TRANSPORTATION APPROPRIATIONS HEARING

In an effort to provide a forum for a discussion of the substance and the framework of the problem, the Transportation Appropriations Subcommittee will conduct a hearing on March 5, 1974, at 10 a.m., in room 2358, on national transportation policy. At that hearing, the subcommittee will offer some suggestions on the formulation of a policy and Secretary Brinegar will assess the progress DOT has made to date. We anticipate that the Secretary will provide a progress report at that time. Organizations who have already expressed an interest are expected to testify. Interested Members are invited to participate if they so desire.

THE TRIAL OF A CHRISTIAN LEADER IN SOUTH AFRICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, the persecution of Christians in South Africa who refuse to become a part of the official racist system continues. Dr. Beyers Naude, a celebrated Afrikaner theologian who was a former member of the innermost circles of the ruling Nationalist Party and of the secret "Brotherhood" society, or Broederbond, has denounced the apartheid system in South Africa in the name of his conscience. For this, he and the Christian Institute which he founded, have been subjected to increasing harassment. Recently, Dr. Naudé was charged with refusing to collaborate with the Commission for the Investigation of Certain Organizations—known as the Schlebusch Commission—which was set up to investigate certain liberal organizations such as the National Union of South African Students, the Institute of Race Relations, and the Christian Institute by a parliamentary commission meeting and interrogating witnesses in secret. It is a criminal offense for anyone to report what happens during an interrogation.

Prof. Antony Allot, professor of African law at the Institute of Oriental and African Studies, London University, attended the trial of the Reverend Naudé as an observer on behalf of the International Commission of Jurists. His report has been reproduced in the Review, the journal of the International Commission of Jurists, in December 1973. Since it was written it has been announced in South Africa that Dr. Naudé has now been charged under the notorious Suppression of Communism Act, on the grounds that he is one of the directors of the church press which published a statement by a student official, Mr. Paul Pretorious, who has been "banned" without trial—and whose writing is, therefore, censored. It is obvious that the South African minority regime is trying to stifle responsible theological discussion, and silence opponents who speak in the name of Christianity. The following article is the report of the trial:

STATE LAW AND THE CHRISTIAN CONSCIENCE IN SOUTH AFRICA

(By Anthony Allott)

The trial just concluded in Pretoria of the Rev. Beyers Naudé represents a new and sharp confrontation between the oppressive legalism of the South African government on the one hand, and the witness of those Christians who do not accept the *apartheid* society as being either Christian or unchallengeable on the other. It is clearly the Pretoria government's intention to extend the systematic silencing of the opponents of racial injustice to the Christian churches themselves. One recalls the recent actions against the Anglican Dean of Johannesburg and Father Cosmas Desmond. Now it is the turn of the nonconforming members of the Dutch Reformed churches, represented preeminently by Dr. Naudé, and of those associated with him—Methodists, Anglicans and others—in the work of the Christian Institute (CI).

Beyers Naudé is a remarkable, indeed unforgettable, man. He is an Afrikaner of Afrikaners; himself the son of a Dutch Reformed preacher, he too was a minister of the Dutch Reformed Church (DRC) and rose to become a moderator and leading spokesman, nationally and internationally, of his church. At the same time he was a member of the secret Afrikaner society, the Broederbond. His work, and that of the Transvaal synod of the DRC in which he played a leading role, greatly influenced the final text of the Cottesloe Declaration issued by all the Christian churches in South Africa in 1960, in the aftermath of Sharpeville. In that Declaration, the rights of all races to participate in government, to own land anywhere, and to intermarry, were spelt out.

When the DRC resiled from the commitment of their official representatives at Cottesloe to work for a juster society in South Africa, Dr. Naudé was one who stood his ground. An ecumenical Christian Institute was being established to explore and work for the application of the Christian ethic to South African society and particularly to the racial system; Naudé was asked to be its first Director. His DR co-religionists, however, made it clear to him that he must choose: to be forced to leave the ministry if he assumed the directorship, or to abandon his pursuit, through the CI, of his biblically inspired vision of the just social order. It was an agonizing decision; to carry on as Director but thereby to isolate himself from the religion and community from which he sprang, or to be untrue to his conscience and inner convictions. His conscience prevailed, and in a moving farewell sermon to his congregation in 1963 he explained the grounds of his decision. Since then Dr. Naudé has in effect been an outcast from the DRC, harried by his religious and political (the two terms are almost interchangeable) opponents. He won a prolonged libel action against a Professor Pont, obtaining the largest damages awarded up to that date in a South African defamation suit; but for the last year or two it has been the government which has been the principal aggressor.

In July 1972 the government established the mysteriously named Commission for the Investigation of Certain Organisations (popularly known, from the name of its chairman, as the Schlebusch Commission), specifically to report on the objects, organisation and financing of named organisations, including the CI, and their activities. Unlike normal commissions of inquiry, this one consisted entirely of practising parliamentarians, meeting and interrogating witnesses in secret. Under the regulations issued by the State President, it is a criminal offense for anyone, witness or otherwise, to report what happens upon his interrogation by the Commission, or to publish any statement that may have been submitted to the Commission. Of the organisations investigated, an interim report by the Commission on Nusas (the National Union of South African Students) has already been issued, in February 1973; the same day 8 Nusas leaders were served with banning orders under the Suppression of Communism Act.

It is against this background that officers and members of the CI and the Institute of Race Relations have refused to testify before the Schlebusch Commission. When summoned to Pretoria to give evidence, each refused to take the oath when put by the Chairman. Reasoned documents justifying this refusal on moral and religious grounds were handed to the Commission by some of those summoned, notably by Naudé himself. One of those summoned, Ilona Kleinschmidt, has already been convicted, but is now appealing. Trials of the others who refused to testify on September 24 or earlier were scheduled to be held at the Pretoria Regional Magistrates Court this last week. In the event, the trial of Dr. Naudé, which began on Tuesday 13 November, ran far longer than the prosecution foresaw, judgment only being delivered on Friday 17 November. The trials of the others involved—James Moulder, Dot Cleminshaw, Horst Kleinschmidt, Rev. Roelf Meyer, Danie van Zyl, Rev. Theo Kotze, Peter Randall, and the Rev. Brian Brown—have been postponed until January 7 to 17, 1974.

Beyers Naudé's trial has excited world attention and concern. The British Council of Churches sent its Vice-Chairman, the Archbishop of Wales (the Most Rev. Dr. Gwilym Williams) to observe the trials, while I was asked to observe on behalf of the International Commission of Jurists (a body devoted to upholding the Rule of Law) in Geneva. The trial was sensational in a number of respects, not least because of the

eminence of the accused, but also because of its unusual atmosphere and the unconventional form that the trial in practice took. Courtroom E, one of the smallest courts in the building, was allocated for the trial, and was so full of sympathetic supporters, black and white, that they overflowed into the well of the court. On the third day the presiding magistrate, Mr L. M. Kotze, had arranged for a much larger courtroom to be available; it was full, so far as one could tell, of sympathisers with Dr. Naudé (except for a large number of security policemen failing to make themselves unconspicuous). A gaiety and calm confidence pervaded the courtroom, reminiscent of that which must have prevailed among the early Christians who had to face Caesar or the lions on the morrow.

The prosecution thought that this would be a simple open-and-shut case; Dr. Naudé had admittedly failed to take the oath when required, and under s. 6 of the Commissions Act conviction must inevitably follow. The first challenge came when Mr. Prinsloo, Secretary to the Commission, was called to give formal evidence of the refusal, which he did from the transcript of the Commission's proceedings. For the first time part of the proceedings of the Commission were exposed to public gaze. Defense counsel, Mr. J. C. Kreigler, S.C. (who handled the defense brilliantly) then asked Mr. Prinsloo to read out to the court in full the long statement submitted by Dr. Naudé to the Commission, which, to his great discomfiture, he was obliged to do. Then, when the defendant himself was called to give evidence, his counsel took him through the whole of his spiritual biography, from the day of his birth to his appearance before the Commission, bringing out in detail the various domestic and international church conferences and synods in which the racial situation in South Africa had been considered, and Dr. Naudé's justification, from scripture and from other authorities, of his stand on racial issues and his refusal to testify. Dr. Naudé stated his objections to the Commission and its procedures as being that it consisted solely of parliamentarians, who might be incapable of an impartial judgment, that it functioned in secret, that those summoned before the Commission had no knowledge of what case or charge they might have to meet, that they were denied the assistance of counsel in testing the evidence against them, and that witnesses were put in peril of banning orders as a result of the Commission's reports. Under s. 6 of the Commission's Act, argued Mr. Kriegler, a witness can refuse to testify or answer questions if there is "sufficient cause" for his so doing; in this case, he said, there was ample cause for Dr. Naudé's refusal, because the composition and mode of functioning of the Commission made it "humanly intolerable" for him to testify.

The highlight of the case came when defence counsel read into the record the entire text of the farewell sermon which Dr. Naudé had given to his parish in 1963. Dr. Naudé was asked by his counsel to read out the sermon for the record, which—to the background of a dramatic electrical storm outside—he did. It must surely have been unprecedented for a sermon to have been preached in a magistrate's court, though Joan before her accusers, the Catholic and Protestant martyrs at the time of the Tudors, and the Quakers of a later age, spring to mind in this connection.

It was to no avail. The magistrate, who, in his questioning of the accused, seemed at times to step out of his role and to debate with rather than question Dr. Naudé, in his judgment found him guilty, rejected the argument of sufficient cause, told Dr. Naudé that the law must prevail and that he, Naudé, was more guilty than most as being a leader and not a follower. He sentenced him to a fine of R50, with one month's imprisonment in lieu, together with a suspended sentence of 3 months' imprisonment, which would come into automatic operation if, within the next 3 years, he committed a similar offense. Dr. Naudé's counsel immediately notified an appeal, which will probably be determined in December or early January.

In the debate between a narrow legalism and the duty of obedience to God rather than men, the state had won, as it was bound to do. There is some hope, however, that in the appeal court the broader legal argument of justification will prevail. If not, Dr. Naudé, and those accused with him, will go to prison, as they have indicated that they will refuse to pay any fines imposed.

I also wish to recommend for the thoughtful consideration of my colleagues an article entitled "We Are Irresponsible Citizens" which appeared in the Pro Veritate magazine in December 1973, and which is written by Theo Kotze, who is head of the Cape Town branch of the Christian Institute, and who was on trial last month for refusing to cooperate with the Schlebusch commission by appearing for questioning:

WE ARE IRRESPONSIBLE CITIZENS

(By Theo Kotze)

"Responsibility is the ability to respond inwardly to a need outside yourself."

When Albert Camus challenged Christians "to get away from abstractions and confront the blood-stained face history has taken on today", he was challenging us to respond inwardly to a need outside ourselves.

Responsible citizenship therefore involves:

1. An in-depth response to the needs of others.

2. A positive response to the process of change. A deliberate and active involvement in bringing about an entirely new society.

3. An understanding of what is going on around one.

4. A seeking to interpret events objectively.

5. Testing that interpretation against the expertise of others and the precedents of history.

I want to suggest that we have been very irresponsible in the exercise of our citizenship and that we must share the blame for the crisis in which our country finds itself.

Our country is dangerously sick—with fear, suspicion, bitterness, frustration, and, like many who are sick with contagious diseases, experiences rejection and isolation.

I am convinced that the following are some of the root causes for all this:

1. The inability of nearly all whites in general, and the authorities in particular, to understand that black consciousness, which is the affirmation of essential humanity, dignity as persons and rights as individuals, has come alive in a very deep way. No amount of authoritarianism or force is going to stop this movement, which is the stirring of the human spirit out of the bondage of centuries. Any attempt to stop this will be as futile as Canute trying to stop the tide coming in.

2. The refusal to share power and privilege, so that all the decisionmaking and control remains in white hands. Consider this. All the areas of power—political, military, para-military, educational, economic, ecclesiastical, communication media—are under white control. Indeed most of these are in the control of an exclusive minority of whites.

3. The callous and cynical disregard of black opinion and feeling—which is majority opinion and feeling—even in regard to laws and other decisionmaking processes affecting blacks themselves. This seems, for instance, to be the case at the black universities where students have complained that their grievances are not given fair hearing and are often not heard at all.

4. The terrible fear that possesses so many whites that blacks will usurp all the power and privilege that whites have for so long regarded as exclusively their own.

As a result, state security is equated with white security.

5. Finally, we whites completely fail to understand the degree of bitterness, frustration and rejection that all our oppressive measures on the one hand, and our paternalism on the other, have created.

There are several alternatives open to us:

1. We preserve the status quo. This is impossible because the status quo cannot any longer be preserved in a world that sophisticated communication has turned into a neighbourhood and where the technological revolution is rapidly changing so many things.

2. Change is therefore inevitable. It is what the ultimate goals are that is important, and how we set about achieving them.

I have no time to go into details about this, I only want to say that I believe in a just society, which will allow freedom of choice, involve all citizens in decision making and provide equal opportunities for all men in every sphere of life.

3. However, I repeat, there are many people who fear change because they have the terrible fear blacks will usurp all the power and privilege that whites have for so long regarded as exclusively their own.

They say, "Change will bring chaos" and cite other African countries as examples.

4. But if you fear chaos while at the same time resisting change, the only option open to you is despotism and it is into a despotic condition of society that our country is rapidly heading.

Alexis de Tocqueville, an historian of the mid-19th century; showed how despotism rears its ugly head:

"I seek to trace the novel features under which despotism may appear in the world. The first thing that strikes the observation is an innumerable multitude of men, incessantly endeavouring to procure the petty pleasures with which they glut their lives. Each of them living apart, is a stranger to the fated all the rest; his children and his private friends constitute for him the whole of mankind. As for the rest of his fellow citizens he is closed to them.

"Above these men stands an immense and tutelary power. That power is absolute, provident and mild. It would be like the authority of a parent, if like that authority its object was to prepare men for manhood; but it seeks on the contrary to keep them in a perpetual state of childhood; it provides for their security and facilitates their pleasures.

"After having thus successively taken each member of the community in its powerful grasp and fashioned him at will, it covers the surface of society with a network of small complicated rules, through which the most original minds and the most energetic characters cannot penetrate. The will of man is not shattered, but softened, bent and guided. Men are seldom forced by it to act but they are constantly restrained from acting."

Recent events including speeches by the Prime Minister and the Minister of the Interior confirm that we have been, and increasingly shall be, "constantly restrained from acting."

If we allow ourselves to be restrained in this way, we are irresponsible citizens.

Take the whole matter of protest for example. If we are to act responsibly as citizens, we must continue to protest at all times against every form of injustice and every act that dehumanizes our fellow citizens. Yet it is obvious that there is less and less protest because Government legislation makes it so difficult and dangerous.

It is becoming more and more dangerous to protest and someone usually gets hurt. But

remember this—someone *always* gets hurt if we *don't protest*.

It is fear that inhibits or prevents protest.

This is often understandable for fear is a natural human instinct. It is also one of the persistent hounds of hell that dogs the human spirit. Fear stifles conscience.

Fear destroys integrity. Well then, if we really want change it is obvious that in working for it we are going to have to take risks. We must ask:

Is it worth it?

Is it worth the trouble?

Is it worth the risk?

It all depends on how we react to the definition of responsibility with which I began this address "Responsibility is the ability to respond inwardly to a need outside yourself".

We must face the fact that there is considerable risk in working for change:

The danger of losing liberty in the years when it is most precious;

The danger of never being able to travel outside this country again;

The danger of imprisonment;

The danger of being banned, which is worse than imprisonment for it makes a man his own jailer.

What could be more dehumanizing than that?

The danger of living under house arrest, like a dog with a muzzle on;

The danger of facing the ostracism of family, friends and community.

Consider this—we may gain all these but lose our souls and certainly our self-respect.

Are you sure that this is not happening to us?

Let me illustrate:

We have a large and formidable dog at home. The other day she annoyed me and I bent down as if to pick up a stick—she cringed and, tucking her tail between her legs, slunk away. I thought, "My goodness, I've indoctrinated my dog."

I did not need to beat her.

I did not need to lift a stick.

The gesture was enough.

HERBICIDES AND TEAR GAS—CHEMICAL WEAPONS?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. OWENS) is recognized for 15 minutes.

Mr. OWENS. Mr. Speaker, during the recent Armed Services Committee hearings on the issue of the destruction of chemical munitions at Rocky Mountain Arsenal in Denver, the discussion centered for a brief time on the relationship between herbicides and riot control agents and the concern about the more deadly nerve gases. The legislation under examination had been proposed by me, and cosponsored by a number of other Members, and had as a part of its content a statement concerning a call for the President to make known to the Congress his position on the status of herbicides and tear gas under the Geneva protocol of 1925. As many of the Members know, it is the issue of herbicides and tear gas being excluded by the President from his understanding of the protocol that has stalled the protocol in the Senate Foreign Relations Committee. New legislation which a number of us have introduced in this House calls for a reevaluation of U.S. chemical warfare policies and includes this same issue as one warranting examination. For this reason I would like to offer some brief comments about the exclusion of these chemical compounds and their relationship to my concern about our total chemical warfare policies.

The comment was made during the Armed Services hearings in October that there appeared to be little reason to be troubled about herbicides and riot control agents as compared with nerve agents. The nerve agents are so obviously much more toxic and the other compounds are directed either against plants or are intended for use as riot control agents. The problem as I see it is that it is an extremely difficult technical task to clearly differentiate the total spectrum of toxicity of chemical agents which might or might not be excluded from the scope of a particular treaty. Therefore, to exclude a particular group on the basis of general terminology is to provide for the potential of serious misunderstanding.

Let me give you some brief illustrations of what I have in mind. First, the herbicide of principal concern in these discussions about the Geneva protocol has been the compound called Agent Orange, a 50–50 mixture of the weed killers known as 2,4D and 2,4,5T. When the United States started using these compounds in Vietnam, the primary purpose was for the destruction of vegetation being used by guerillas for cover. The compound also had some application for crop destruction and there were some instances of damage to commercial species in plantations. I cannot in this brief statement begin to analyze all aspects of these applications. The important point at this time is that after the compounds had been in use for a while, it was determined that a trace of one of the most toxic substances known to man was present in Agent Orange. Following the release of this information, the U.S. military forces stopped using the compound. In the meantime, Matthew Meselesson, of Harvard University, has determined that dioxin, the toxic substance found in Agent Orange, has been identified in biological samples collected in Vietnam. My reaction to this is that the herbicide was a toxic chemical agent to man when it was used in Vietnam and should be covered under the protocol. Technologists would argue that since the contaminant is no longer present in 2,4,5T, under new manufacturing processes, it is not toxic. But can we hedge on treaty understandings under conditions where we do not have absolute certainty regarding the effects or content of chemical agents used in such a way that human beings could be directly affected? I think not; and in fact, the U.S. delegation to Geneva has consumed hundreds of man-hours of discussions at the disarmament negotiations on chemical warfare in efforts to reach an acceptable understanding of the types of substances which are considered to be toxic.

In another illustration, the riot control agent CS was used in Vietnam. This agent, reportedly not lethal although decidedly unpleasant in its effects, is also the subject of disagreement regarding potential toxicity. Again, I cannot take the time to discuss all of the arguments; they have been made many times over the past few years and are discussed in more detail in the hearings of the House Subcommittee on National Security Policy and Scientific Developments—Chemical-Biological Warfare: U.S. Policies and International Effects—in 1969 and in the hearings of the Senate Foreign Relations Committee on the Geneva Protocol in 1971. My concern here is that news announcements now suggest that a new riot control agent called CR may be under consideration by the British, and possibly the United States, since it has been evaluated at our own Chemical Warfare Laboratories at Edgewood, Md. The riot control agent CR—the chemists call it dibenz (b,f,)-1:4 -oxazepine—has been under investigation for a number of years. Two effects of this agent are the fact that rises in blood pressure—increases as high as 100 mm. Hg.—occur in some persons exposed to the agent and there were some instances of short-term rises in intraocular pressures. These effects are usually couched in terms that since the target population is usually young and healthy there would be no untoward effects. If you will recall, CS was originally cited as being "safe" also; but the literature on this agent still refers to the potential for harm to asthmatics and suspicion about skin cancer and lung damage. The tests on CR are not nearly as extensive. Again, my point is not to arouse technical debate concerning the reliability of test data or relative harm to those with hypertension, asthma, respiratory disease, or glaucoma, but to note that again, we may be considering another chemical agent from the standpoint of "relative" toxicity. To me, it would be a very difficult task to exclude riot control agents from the Geneva Protocol and justify this in any terms that would adequately distinguish these agents from other agents on the basis of "relative" toxicity. They are chemical agents, and they are used in warfare; the fact that some of the warfare is internal against nonmilitary personnel is beside the point in discussions of the international treaty. The moment that we exclude an entire category of chemical agents from a treaty on chemical warfare agents we expose ourselves to the potential of treaty breaking when new agents become available as they will inevitably. How close to the toxicity of nerve agents must an herbicide or a riot control agent be in order to be transformed from an excluded agent to an included agent?

Mr. Speaker, the legislation I and many cosponsors have introduced, and which has been referred to the House Foreign Affairs Committee for consideration, directs attention to the need to reevaluate these kinds of problems in our overall discussion of U.S. CW policies. We cannot afford to be sidetracked by definitions. The data base on which these definitions are made is not adequate to give us the confidence we need to have in order to be that certain about our decisions. How could we justify the use of any agent as not being a chemical warfare agent simply because we say that our purpose in using it is to destroy plants, if we find later on that there is danger to human beings or because we use riot control agents on our own citizens we should be justified in using them

on the battlefield? We must make up our minds that we are either for or against the use of chemical warfare agents and not confuse the issue with poor definitions based upon inadequate research in support of our understanding of physiological response. As we accumulate data, there are too many indications that we have underestimated the potential for dangerous effects of some of these so-called nonlethal compounds.

I have asked the Department of Defense to provide me with information on our intentions with regard to adoption of CR. As soon as I have more information, I will provide it to the Members to help them in their considerations of the proposed legislation on chemical warfare issues.

ENERGY CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. TIERNAN) is recognized for 5 minutes.

Mr. TIERNAN. Mr. Speaker, the United States finds itself in a curious position. For the first time in its history, it is in the midst of a serious energy crisis. From a nation of self-sufficiency, it has become dependent on foreign petroleum sources. We now import more than 30 percent of our oil needs. That figure is expected to rise to more than 50 percent in the next dozen years.

The goal of having a sufficient domestic supply of petroleum to prevent being seriously dependent on foreign sources has not been realized. The United States has received no benefit in return for enormous tax advantages given to the petroleum industry. The petroleum companies have become richer as the American taxpayer-consumer has paid the price of the U.S. petroleum industry's overseas operations.

This past winter the United States struggled through a heating and diesel fuel shortage. It was followed, not by relief, but by a gasoline shortage. All indications point to a resumption of the cycle this winter.

In this period, some 1,200 independent gasoline stations have been forced to close. Many independent refineries throughout the Nation were operating at only 50 to 75 percent capacity due to a cutback in crude supply by the major companies. Consumers in all parts of the country were asked to cut back on their use of fuel and to pay more for what they used. In short, almost everyone was asked to make some sacrifice except the major American oil companies whose profits rose to levels even higher than the previous year's. As reported in the Oil and Gas Journal of August 13, 1973, the net profit of the 29 largest oil companies was up 39 percent in the first half of 1973 compared with the first half of 1972.

Exxon, the Nation's largest petroleum company, announced a 48-percent gain in net profit for the first half of 1973. Its earnings were estimated at $1,018 billion for the first half of the year.

Mobil Oil Corp., which sponsored the recent "open letter" advertisement, had its net profit soar more than 25 percent in the first half. Gulf Oil indicated its first-half net profit increased 46 percent over the same period in 1972. Texaco reported that its net profit rose 28 percent in the first half of 1973.

The list could go on and on: Atlantic Richfield—net profit 50 percent higher in the first half of 1973 than in 1972; Standard of Indiana—first-half profits up by 29 percent over last year; Standard of California, Continental Oil, Phillips Petroleum, Marathon Oil, Clark Oil & Refinery, Getty Oil, Murphy Oil, and Standard of Ohio—all show higher profits and revenues this year than last.

The major oil companies escape about one-half of the Federal income tax liability by means of the depletion allowance and the intangible drilling costs write-off. They escape about three-fourths of the rest of their Federal income tax liability by being allowed to treat foreign royalty payments as tax payments and, thus, as credits against U.S. income taxes.

These tax favors or loopholes in effect came out of the taxpayer's pocket. The working men and women of our country are forced to make up what these gigantic corporations have avoided paying to the U.S. Treasury. And, as pointed out previously, an increasingly larger amount of these savings is invested in their foreign operations to the detriment of the American people.

The performance of the large oil companies actually improved from a tax-avoidance point of view in 1972. Twelve of the 19 companies paid a smaller percentage of their net income as Federal tax last year. Exxon, Texaco, Mobil, Standard of Indiana, Gulf, Sun, Union of California, and Amerada-Hess paid smaller actual amounts in 1972, although all but Gulf, Sun, and Amerada-Hess registered net income gains in 1972 over 1971.

For the 19 companies last year, their combined net income before tax was $11.4 billion—up $0.5 billion over 1971; their Federal income tax was $684.9 million—down $31.8 million from 1971; and the Federal tax as a percent of net income was 5.99 percent—down from 6.5 percent in 1971. This rate is, as all working men and women know, far below that paid by an individual taxpayer earning much less.

Some companies pay additional sums in foreign and local taxes, but few pay proportionally in taxes as much as the average American worker or wholly domestic American business.

Yesterday I introduced a bill, which would prevent the major oil companies from taking advantage of the present fuel crisis by reaping unconscionable profits at the expense of the American consumer.

We have seen other excess profits bills introduced. For the most part these bills would have little effect on oil company receipts and would merely postpone the economic benefit which oil companies are deriving from excess prices and excess profits.

One central theme runs through these so called "excess profits tax" proposals. That is, if the oil companies invest these "excess profits" in refineries, and searching for more oil, the taxes would be forgiven.

Thus, the oil companies will invest heavily, in exploration, and the construction of pipelines and refineries—a fact which we have known they were going to do for some time—the consumer will continue to pay outrageous prices for his fuel oil and gasoline, and the oil companies will pay the same minimal taxes that they did last year. Then in the years to come the oil companies will benefit from their huge investments with large profits. Undoubtedly the oil companies will arrange it so that these future profits are taken at a time when the energy crisis has subsided, the population has all but forgotten about the excess profits which the oil companies invested, and the excess profits taxes have been repealed.

In the meantime prices for crude oil will have doubled or tripled—and the consumers will have been led to think that they are getting a bargain.

It is my feeling that the oil companies and the oil exporting nations have raised prices to what they know are unreasonable levels. Then after all the hoopla from the politicians about lowering prices and forcing a rollback, the oil companies will "give in" and reluctantly lower their prices to double what they were paid last year. Some victory for the consumer.

The bill I offered yesterday differs from all others including the President's proposal which does nothing to prevent high prices and huge profits. The President's proposal actually permits windfall profits and then applies, not an excess profits tax, but an excise tax which would be passed on to the consumer in even higher prices.

The President's so-called graduated windfall profits tax would permit the oil companies to make an estimated $16 billion each year in excess profits on crude oil alone—and then retain $13 billion, after surrendering only $3 billion to the U.S. Treasury, according to Arthur Okun, former Chairman of the Council of Economic Advisers.

I introduced the only real excess profits tax that has been proposed. My bill is very simple. The oil companies have been crying the blues lately about the proposed excess profits taxes. They say that one cannot tax them merely because last year's profits were up from the year before. The year before was a bad year for oil companies it seems. Now I agree that we should not take unfair advantage of the oil companies. So I had the Federal Trade Commission supply me with figures on return to equity for the largest eight oil companies for the years 1951 through 1971. The weighted average return on equity for these companies was 11.93 percent while the average return for all manufacturing was 10.84 percent. It seems that the oil companies have been doing better than they would lead us to believe.

My excess profits tax will allow oil companies with sales of over $1 billion to make a healthy 13-percent return on equity and tax all profits above that amount at 85 percent. It would let the small companies which are trying to get a greater share of the market grow and prosper.

That is a real excess profits tax.

MORE ON FATHER DANIEL BERRIGAN

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

Mr. KOCH. Mr. Speaker, the controversy stirred by the speech of Father Daniel Berrigan before the Association of Arab University Graduates continues. This was the address in which some observers, including myself, believe that Father Berrigan expressed anti-Jewish sentiments.

I have received a number of letters recently in response to my letter to the editor of the New York Times—January 14, 1974—in which I drew a parallel between Father Berrigan's anti-Semitism and that of Father Charles Coughlin who, at the other end of the political spectrum, represented the views of the far right. What was interesting was that on the one hand I would receive a letter defending Father Berrigan saying:

Your letter is bizarre. Dan Berrigan is no more anti-Semitic than you are.

On the other hand, in a letter on behalf of Father Coughlin, its author wrote:

You accuse Father Coughlin of being anti-Semitic. This is a complete falsehood. He was in truth a friend of the Jew, not his enemy as you claim.

I received no single letter defending both against charges of anti-Semitism.

Perhaps the best analysis of Father Daniel Berrigan written to date on this subject is that authored by Paul Cowan appearing in the Village Voice of January 31, 1974. By reason of the fact that Paul Cowan is a long time friend of Father Berrigan and because Paul Cowan is not only a great writer but an honest one, the article is particularly perceptive. I recommend its reading to our colleagues and it follows:

THE MORAL IMPERIALISM OF DAN BERRIGAN

(By Paul Cowan)

It was a friendly, affectionate evening with Dan Berrigan until we focused on the issue that had brought us together—Dan's controversial speech in Washington, D.C., to an audience of Arabs. In it, he had emphasized his condemnation of Israel, though he was critical of the Arab states, too, and urged the Palestinians to adopt non-violent tactics.

In his attack he had equated Israel with South Africa, and made comments like "the wandering Jew had become the settler Jew; the settler ethos had become the imperial adventure . . . The slave master had created slaves . . . The coinage of Israel is stamped with the imperialist forces whose favor she had courted. And the price is being paid by the Oriental Jews, the poor, the excluded, prisoners." Though he asserted Israel's right to statehood, he claimed she "has not abolished poverty and misery; rather, she manufactures human waste, the by-products of her entrepreneurs, her military-industrial complex."

He turned his attention to American Jews, too, with statements like "The fate of the Vietnamese was as unimportant to the Zionist in our midst as was the state of the Palestinians." At the same time, because he sees himself as a fugitive, a marginal man, he defined himself as "a Jew, in resistance to Israel."

The speech had angered me. The political arguments it contained were familiar, and I agree with many of them: many Israelis are bigoted towards Arabs, and insensitive to the Palestinian's dislocation; the state was probably reckless in its refusal to return some of the conquered lands. But his words were joltingly arrogant and uninformed. By using provocative language, he'd helped make himself the central issue. If he hoped to inspire a more rational debate on the Middle East, he failed. Instead, he provoked a controversy about the character of Daniel Berrigan.

That particularly disturbed me since I'd felt a special respect for Berrigan ever since April 1970, when he was underground and a mutual friend called me to propose an interview. It sounded like a scoop and an adventure. It turned out to be a two-hour conversation that influenced me for years. I thought that Berrigan and his friends—practically alone on the American left—had found a way of merging militant pacifism with genuine modest humanism. I wanted to share what they had found.

Months later, when Berrigan was in jail for pouring blood on some draft files in Catonsville, Maryland, I received a tape recording he'd made while he was still underground. Ross Wetzsteon and I edited the raw document and published it as his "Letter to the Weathermen." Much of it was a plea to younger radicals to adopt the discipline of non-violence. But it also contained a paean to compassion, and that was the part of the speech I admired the most.

"How shall we speak to our people, to people everywhere?" he had asked. "We must never refuse, in spite of their refusal of us, to call them our brothers. And I must say to you, as clearly as I know how, that if people are not the main issue, then there is no main issue."

I felt Berrigan's speech to the Arabs had violated that precept. I wanted to know whether I'd react the same way to the man who was drinking scotch with me in my living room, as we taped an interview.

Berrigan made it clear that the speech was not delivered in haste: he'd harbored those feelings ever since 1967, when he wondered why Jews could be so adamantly against the war in Vietnam, so fervent in their support for Israel. He'd contemplated his text for months before the actual speech. He saw it as a jeremiad, a warning. The risk of delivering it, he thought, was part of his own painful effort to perform the duties of a prophet.

He was also uncomfortable in his post-Catonsville role as a sort of secular saint, though he wasn't altogether happy about renouncing it. "I do everything that I can do to keep raising new questions and to keep from fading into someone's image of me, or from accepting the '60s as a measure of my life. But I'm always angry about the next step—Catonsville, this speech—because I would like to stay with the last. I would like to be able to absorb things and stay with something for awhile instead of continually having to move on to something half-understood, half-absorbed, half-expressed to others."

Though he deliberately chose to give the speech in a literary form "which has to do with the abrupt opening of questions which are crudely put and put in deliberately provocative language," he has still been surprised and bruised by the response he's received. "Every time I appear in New York now someone shows up with leaflets about Berrigan the anti-Semite. And the mail has been rough. My gut has been in terrible shape. I've had to deal with a feeling in New York City, which is my city, that this guy is a parasite, a trouble maker—that, as the goys say, I've gone insane, and as the Jews say, I'm an anti-semite. I'm paying the price for opening some questions that people didn't want opened, and in a manner that was very offensive."

The point of his speech, he said, was to shock people into thinking. Yet he delivered it in front of an Arab audience which must have heard criticisms of Israel 100 times. So I decided to challenge him by referring to the passage I've quoted from the "Letter to the Weathermen" and saying that "What I believe is that if you're really trying to talk to people and you have something dangerous to say, then you chose a difficult place to say it. If you want to give a speech about Israel then you do it in front of Jews at the Educational Alliance. If I'm going to say something critical about you, then I say it to you before I print it in The Village Voice."

He became exasperated, though his tone was laced with irony. "That question about my audience has been raised often in my recent career. And if I may be very unkind, I say ———, because I have no sense of all that. I was not invited to speak to a Jewish audience. I was invited to speak to an Arab audience. I would give the same speech to a comparable Jewish audience. I don't pick audiences. I try to tell the truth as I see it."

Then he began to describe the Arabs he'd spoken to with far more contempt than he ever applied to Israelis. "Jews who have written me about that speech have said 'you must have had great applause as you made your points against Israel.' Nothing like that happened. That was one of the least interesting, most moribund, most middle-class audiences I have faced. Rich Arabs in America. I was appalled. It was like sitting in front of 4000 pounds of unrisen dough."

So he'd prepared his speech carefully, though his audience had been chosen because of a chance invitation from his friend Eqbal Ahmad, one of the defendants—along with Phil Berrigan—in the trial of the Harrisburg Seven The tone, and many of the moral arguments, came from a lifetime of reading scripture. But what did he know about the contemporary Middle East? What books or articles had influenced him the most?

"I'm not very systematic in my reading, but I did a lot of it up there in Manitoba. I was always reading New Left literature and left Catholic literature. I read Arthur Waskow's stuff. Everything he did he always sent me. Paul Jacobs sent me his long thing from Ramparts. I had access to a British publication called Peace News, which published a lot of stuff about trials in Israel and statements before the court. I had a couple of paperbacks about settler situations. I'd always read about the kibbutzim. I also read about the Palestinians in paperback and I think the Arab groups sent me some position papers."

I asked him if he'd read more since he became embroiled in the current controversy. "Oh, sure. Of course." "What?" "Well, my mail. And besides that . . . mostly Old Testament and scriptures."

Had he discussed Israel with any Israelis? He remembered a single two-hour conversation with Uri Davis, the pacifist whose views would reinforce his own.

His doubts about Israel had orginally been prompted by his perception, in 1967, that Jews on the left applied a different set of standards to the Middle East than to Vietnam. I asked him whether, in the intervening seven years, he'd ever challenged any Jew to sit down and explore that issue with him. He'd considered doing that with his good friend, the late Rabbi Abraham Heschel, a co-founder of the Clergy and Laymen Concerned About the War, but he was afraid the question would hurt Heschel too much. He couldn't recall opening that sort of discussion with anyone else. Had he tried to talk to any Jews while he was meditating about his speech to the Arabs? No. In his view that would have been "taking a Harris poll, beginning a great public survey about

my next step. I don't think that's very helpful. If we had polled our friends we would never have gone to Catonsville."

To me, there's a vast difference between talking to people and polling them. The first is a human experience. The second is an advertising technique. I tried to emphasize that by referring to the "Letter to the Weathermen" again, and mentioning Jewish friends of mine who have been debating the propriety of Israel's policies since 1967, "but who heard dark hints of anti-Semitism in your speech. I think those were people you didn't speak to. They weren't part of your mental geography when you gave that speech."

"Yeah, but the speech to the Weatherpeople was two years later than Catonsville. Catonsville was the real shockeroo. The speech to the Weatherpeople was a speech of affirmation, interpreting, going further. It was a step along the way. At Catonsville I had the same sense of hatred and alienation directed at myself and my friends that I have here again with this speech to the Arabs. This is an attempt to open up something you can't be very gentle or nuanced about because you are trying to do something very new and different. You pose a very rugged threat before people. You can't be polite and civilized about it all. Then you do the talking. And that's why we're here tonight, as we were around the country for months and years after Catonsville. Explaining what we're doing and saying. Thrashing it out. You're saying this is different . . ."

"No, I'm not saying this is different. I'm saying you might have been wrong."

His voice rose a little, as if I had missed some crucial point, and he said, "I agree with you. Though I don't think it was wrong. And the same blind, loving sense that led me to Catonsville led me to this speech. And the same feelings are in my heart afterwards, which are not feelings of anger, hurt, or alienation, but a sense of once having done this, let's take the heat and try and cope with it."

It seemed like a rather melodramatic statement to me, where Berrigan the prophet was the center of his moral universe. And I realized that Dan's insistence that "if people are not the main issue, then there is no main issue" had not been a statement of principle so much as a refinement of rhetoric that would allow him to explain himself, not learn about others.

Later, when he began to categorize all his critics as people who were outraged by the fact that he'd dared criticize Israel, I said, "Dan, you talk about your critics. But you don't make any distinctions. You haven't talked about the people you've pained."

"I've pained my critics."

"But not in the way you're talking about. The pain you've given them doesn't come from their fear of the questions you've raised about Israel, but their fear of anti-Semitism. I don't know whether that matters to you now."

"Well, it does," he said. "But see I find it kind of hard to separate their kind of pain from my pain." He paused. "I look on my pain as being a little more authentic than theirs."

"Why?"

"I guess because of what I've been through?"

"Describe that. I don't see what you mean."

"The '60s. Prison."

"So you think you've been through more than them?"

"Than my critics? Oh yes. It's very rare to find one I can respect by way of his own historical and rational grasp of the situation."

"I'm not sure you really know who your critics are. I'm not sure you really know the people who have written you those letters. I'm thinking of a particular friend of mine who spent two of her first four years in a German concentration camp. She's had deep questions about Israel for years. I think she would agree with the political content of your speech. That's not what disturbed her. Her pain comes from your language. And I feel an arrogance in you when I hear you say your pain is more authentic than hers. I don't like this business of measuring pain or measuring grace anyway."

"I know what you mean. I was thinking of the people who had written me the letters I've been reading. They don't communicate a wholeness about who they are. They're coming on about non-essentials while I'm trying to deal with the lives and deaths of people."

But Berrigan's own grasp of the lives and deaths of people who live in the Middle East now is spotty. And he doesn't seem very interested in focusing on them.

In his speech he mentioned, in passing, that the price of Israeli imperialism was being paid by Oriental Jews, among others. That's a familiar part of the left's critique of Israel, one he would certainly have encountered in the publications he reads. In many ways it's accurate to say—as radicals rarely do—that the existence of Israel may have saved hundreds of thousands of North African Jews.

I tried to talk about that with Dan. In 1962, I quit college for a year to live in Israel and teach refugees from North Africa—Tunisian, Moroccan, and Algerian Jews. Although the country I knew then has transformed greatly, the experience showed me the historic and human paradises that provide some of the impulses for Israeli policy.

In the 1950s, when the Oriental Jews still lived in North Africa, they would have been on the left's enemies list, not part of its litany of oppressed peoples. Most were members of the petite bourgeoisie—landowners, shopkeepers. They feared Arab revolutionaries, hated nationalist groups like the FLN, sided with the pied noir, the French colonialist settlers. When the Arabs took power, most were expelled. Many were forced to flee by night, leaving their possessions behind. Most of those I knew originally wanted to settle in France or the United States, far from the rigors of Israeli life. But when the West rejected them, very few voices—either from the left or the world Jewish establishment—were raised in their behalf. Israel was the only thing that prevented them from becoming just so many more of history's unnoticed and unmourned corpses.

In those days, the time of their most intense migration, they received money from the government as soon as they arrived, even though the prejudice against them was distinct. (I was often urged to become an Israeli because the country needed Westerners so that it wouldn't be "Levantinized.") There was work for them and decent, modern housing, though I'm told things have gotten much worse since 1967. They became the most militantly anti-Arab group in the country—and still are. My students used to affect Moshe Dayan eyepatches as early as 1962. Their parents longed for a war of revenge.

When I asked Dan if he knew any of that complex history he said he didn't, that if I was right he'd stand corrected. But I don't think it mattered to him much. At least when I asked him to suggest some sort of policy that took the feelings of the North African Jews into account to speak to *them* as people—he demurred and said, with some irritation, that his mention of them had been a minor part of his speech.

He had, however, thought a great deal about the emotions of concentration camp victims, and concluded that their emotions were less important to him than the truths he perceived. "I have really tried to understand the holocaust and to deal with it. Rabbi Heschel was a very great help to me. So were Elie Wiesel's writings. But I disagree with the attitude that uses an historic experience to say we have nothing to say about life today. The Catholic Church tries to put that in terms of guilt. It says we have been the persecutors and the killers of Jews since the inquisition, so we have no spiritual right to comment on what's happening now. In the '60s whites said the same thing about blacks: 'we're the sons and daughters of slave-owners so we have nothing to say to the slaves.' This is what I reject. I believe we're responsible for our lifetime, for the facts before us, trying to take into account what we have done, how others have suffered, but not being stopped by it."

I wanted to know what he thought was a responsible attitude toward Israel. He insisted he believed in the existence of the state. "Well, what do you think they should do?" I asked. "There are Arabs who say that they want to destroy Israel. Should it lay down its arms? Should it keep up a relatively high level of armaments? What do you think?"

"That's an unfair question," he said. "It's like asking, in the middle '60s what do you propose to do about Vietnam? I mean, five-year plans are always very difficult to work through. I think the first thing I can offer—and it isn't much—is a corrective and a very strong no to what is going on. To Israel's militarization, and its aping of American policy in the world. And then it's up to a lot of people to pick up these things with alternatives.

"Okay," I said. "Pretend I'm a left-wing kibbutznik. I've just read your speech, and want to know more about what you think. You're talking to me. At least give me an approach to thinking about Israel."

He didn't answer me directly. "See, I think Israel has some very rough choices. I think that if it would admit that a military or a paramilitary state is no desirable thing—that the loss of civil liberties at home is a very real possibility—that might mean she'd have to return to a more biblical understanding of things. And by biblical I mean prophetic. Israel has to take the risk—and everything implied in the risk—of a small nation, with everybody trying to screw it. The risk which says we have to put our faith in a gesture on behalf of the Palestinians, withdrawal, progressive disarmament. It has to say we're going to talk deliberately to the world about the needs of our people and the Palestinians. We're no longer going to put our trust in a military solution."

"Should I stand guard duty tonight?" I asked.

"Well, I think those questions are unfair," Berrigan said.

"Why? I think you're talking on a plane of generalization that I can't see applying to my life."

"Well, I was trying to come closer, but I've never talked to kibbutzim in my speeches. I was trying to talk to power across the line—to the people who give the orders to send off the Phantom jets or release the missiles. I think it's very hard to suddenly get down to the fate of a certain person. I want to talk to their leadership, to the people in whose hands their lives lie."

"Yes, but Dan, it doesn't strike me that what you're saying is very different from what people say to each other in Israel every day."

"It's very, very different from what my adversaries here say. They're willing to hang me for it."

"But those ideas are discussed in kibbutz dormitories, in Tel Aviv and Jerusalem apartments even in political campaigns."

"Well, that's not very much comfort to me. It's very difficult to say them here. And I'm taking a lot of heat for saying those things."

It was a quick, reflexive remark from a man under a great deal of strain. And it's true that, on the whole, the American Jewish community seems to be far less open to a free-wheeling debate about Israel than is Israel itself. And the situation there isn't as open as I made it sound in the heat of argument. Uri Davis, who was my friend, too, used to read me tormented letters from radical Israelis whose lives had been threatened, who'd been jailed, because they refused to enter military service.

Nevertheless, my interview with Dan left me convinced that, for now at least, the reality of Israel isn't as important to him as the effects of his own remarks about Israel. It's as if he wants to move back to the marginal, fugitive role he played in the years when Catonsville really seemed like a dangerous action, before its meaning was muffled by liberal approval.

In a way, though, it's a shame that his speech to the Arabs was the vehicle by which he re-emerged into public consciousness. The frenzied debate it caused obscures the dozens of gentle acts of service he performs each month. While he was teaching in Manitoba, for example, some maintenance workers went on strike. He joined the picket line, got his class to serve them coffee, moved off campus in an area where he knew no one at all—to show his solidarity. He worked with migrant laborers in Canada. His presence in the Danbury prison was an inspiration to scores of inmates who did time with him, and he keeps in touch with many of them. As soon as he returned to the States from Canada he focused a great deal of his energy on the case of Martin Sostre, the virtually anonymous black prisoner who has been in solitary confinement for many years, giving speeches and practicing behind-the-scenes diplomacy to free the man.

The controversy over Israel has also made him vulnerable to attacks from people who didn't display a fraction of his courage during the '60s. Then, his willingness to fight the Catholic Church and the U.S. government was a constant psychological threat to people who felt deep revulsion at the war, but who were unwilling to risk their careers—or their freedom—to stop the killing. It's as if his arrogance about Israel has justified their cowardice about Vietnam.

I don't believe Berrigan is an anti-Semite, though I think he inflicted the charge on himself by his unbelievably careless use of language. For example, it was his accusation that Israel was responsible for "the manufacture of human waste" that evoked images of Dachau in Nat Hentoff's mind and provoked Nat to criticize Berrigan in The Voice. Dan was flabbergasted and apologetic when I described that entire episode. Several times during the interview he said he wished he'd used less abrasive language. Anyway, I'm convinced that if American Jews were being actively oppressed Berrigan would play the same bold role as his model Dietrich Bonhoeffer did in Nazi Germany. I think he'd risk his life to resist that oppression.

Besides, his criticisms extend beyond Israel and the Arab audience to whom he delivered his controversial speech. At a public meeting last Thursday, Berrigan was asked about his stand on Northern Ireland. He said he hadn't gotten involved in that cause because he hadn't felt much pressure from the Irish community in New York, which he called, "a bunch of deadheads." When someone in the audience reminded him that the IRA had organized a march down Fifth Avenue last year, he parried that remark with the flip rejoinder that "they were probably trying to work up a sweat before they got to the pubs."

As far as I'm concerned, such comments and his speech to the Arabs connects him to the arrogant America I thought he'd escaped when I met him in 1970. For me, the speech is an extension of the reckless thought masked by pious words that has always characterized our foreign relations.

My deepest disagreement is with its unspoken assumption that, because Berrigan is a moral man, he can make accurate criticisms of people and cultures he barely knows. (When I said that to him during the interview, he winced a little, but didn't try to explore the thought.) He is not speaking to the people. He is exhorting them from a frozen ethical-political stance.

So is the Nixon Administration, in its way, though it has the power to bully, not exhort. In the Middle East it gave qualified support to Israel because that position serves the myths of politics and patriotism. Much of the left does the same thing, in its much smaller world. Radicals mechanically support the Palestinians, and wage unremitting attacks on Israel, because that line is dictated by their reading of the underground press.

Berrigan's jeremiad comes from his reading of scripture. It has nothing to do with people, as they live and breathe on earth. From his point of view, he is taking increasingly dangerous risks because that is his calling as a Christian and a prophet. From my point of view, there are no prophets—only flawed, fallible people who must muster all the courage and intelligence they can to make a little temporary sense out of a murky world. And that is particularly true in the Middle East, where there are conflicting, legitimate claims to the same postage stamp of land, where peace can only come through patience and understanding, not bold, apocalyptic rhetoric.

I see Berrigan as a man who travels through history with answers, not questions. Even when I agree with his views and admire his courage—as I did during the war in Vietnam—I have come to question their source. It is not prophecy. It is moral imperialism.

INCREASE THE SALARIES OF THE JUDICIARY

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

Mr. PEPPER. Mr. Speaker, the Florida Bar, indeed the American Bar as well, is very proud of Chesterfield Smith, the distinguished president of the American Bar Association. Chesterfield Smith has been an illustrious member of the bar in Florida and in the Nation for many years. He was primarily the author of the amended Florida Constitution. He has made enormous contributions to the growth and the role of the bar in Florida and throughout the United States—indeed in the world. He has brought to the presidency of the American Bar Association outstanding integrity, great ability, and deep dedication to the law. He has led the American Bar in calling for unquestioned integrity in all who are the leaders of the American people.

He has not hesitated to speak out when public officials so behaved that they brought into question, if not disrepute, their official conduct. He has in ringing words reminded America that the freedoom of our people depends upon the respected and effective authority of our courts—the accepted and the observed rule of law. Mr. Smith recognizes that if we are to have effective administration of the law in America the judiciary must be of outstanding competence and unquestionable integrity.

Yet President Smith knows that many of the judges of our country today—Federal, State, and local—possessing the qualifications so much needed on the bench are having to go back into private practice to support a growing family or children in college to meet economic demands which they feel it their duty to discharge. Hence, in the name of a better judiciary—the better enforcement of the law in our land, the highest possible quality in the administration of justice—President Smith has called for increase in judiciary salaries which will attract to the bench and keep on the bench once there those best qualified to serve in the solemn role of the judge. President Smith has written his views in a recent article in the American Bar Association Journal which I believe would be of interest to every Member of Congress. I hope the Congress will follow the recommendations of President Smith and provide fair increases in the salaries of judges all over the country so that the quality of the administration of justice will be at the highest possible level to protect the liberties, the lives, and the property of the people of this country and to preserve to the fullest degree the high heritage of the rule of law in this great land.

Mr. Speaker, I insert President Smith's article which appeared in the January 1974 issue of the American Bar Association Journal:

PRESIDENT'S PAGE

(By Chesterfield Smith)

The central figure in the administration of justice in this country is the judge. Nothing is more important to the quality of justice than to attract and retain the best qualified men and women for our courts; in truth, the quality of justice is the quality of the judge.

Inasmuch as the legal profession has a duty to the public to do whatever it can to ensure justice for all citizens, the American Bar Association has worked for years to improve the manner of selecting judges at both state and federal levels as well as the conditions under which they work. For that same reason, it has continuously championed the cause of providing fair and reasonable compensation for judges. All that has been done in merit selection and in enhancing the professional environment of the judiciary will go for naught unless steps are taken to make a judgeship an economically viable possibility to a lawyer whose learning, skill, and experience place her or him in the front rank of the profession.

The salaries of federal juges have been frozen since March 1, 1969. During that same period and in spite of wage controls and postponements, the salary level of general federal employees has increased by 34 per cent. No one who has hired employees, paid tuition, or bought food in the past five years needs to be reminded of ever increasing costs and prices. Federal judges have been severely penalized by the fixed nature of their compensation, and for each day that goes by without a salary adjustment they will continue to be penalized.

Although basic fairness should characterize the relation of our society to its public servants, something even more important than fairness to specific individuals is here involved. In very general terms, what we pay our judges is a measure of our evaluation of the function they perform. We ask of judges

that they provide solutions to problems that, on one hand, may involve complex economic interrelationships or, on the other, the most intense and basic human conflicts. We ask of judges that they serve as the ultimate guardians of our liberties. We ask them to provide remedies for those situations in which, by definition, we and our society have failed.

In very practical terms, what we pay our judges must be sufficient to attract the individuals who can perform these tasks competently, and who will do so in an honest and ethical way. At present, a United States district judge is paid $40,000 a year. There is always the danger of falsely equating financial success with professional success. It is also true that fine lawyers may be in a variety of circumstances by choice and otherwise. Still, mindful that there are and will continue to be exceptions, I believe that appointment to a federal judgeship at the present time would represent a substantial sacrifice of present and future earning capacity for very many of the lawyers whom I believe are well qualified for that position.

The subject of judicial salaries is timely. The Federal Commission on Executive, Legislative, and Judicial Salaries has submitted its report to President Nixon. The recommendations of the commission have not been made public, and while not bound by the commission's recommendations, President Nixon will make his own specific proposals for adjustments in federal judicial salaries as part of his budget message in early 1974.

At its October, 1973, meeting, the Board of Governors of the American Bar Association found specifically that, while adequate compensation is essential to attract the best qualified lawyers to the judiciary, the present rate of compensation is no longer comparable to the income of the best qualified lawyers. The board, therefore, resolved to urge President Nixon to recommend a substantial increase for members of the federal judiciary.

The board of governors did not recommend a specific figure, and in transmitting its resolution to President Nixon, I too mentioned no amount. Speaking personally, however, and not for the Association, I believe that as of today any salary for a federal judge of less than $60,000 is not adequate.

Compensation for state court judges poses a similar problem. Much of what I have written with respect to federal judges is equally applicable to state judges. The board of governors has urged that each state bar association conduct a continuing examination of the adequacy of the compensation of judges in its state.

Our concern with the adequacy of judicial salaries should not be interpreted as concern with the quality of those who now serve on our courts. Their acceptance of appointment and their continuing service in spite of financial sacrifice are to their credit. Ours is a profession with a long and continuing tradition of public service, and these judges honor that tradition. Nevertheless, we have no right to ask nor can we reasonably expect our judges to make a financial sacrifice that will last for the remainder of their professional lives. The judiciary must not be open only to those whose private means or willingness to earn at less than capacity permits them to serve at the present salary scale.

Of all government employees, judges are most peculiarly unable to lobby for their own interest. This is the natural result of the standards we have fixed as appropriate conduct. It means, however, that the organized bar and members of the legal profession individually and collectively have the obligation to support appropriate salary increases for judges and to do so with determination and vigor. The time to meet this obligation is now.

AMERICA: MECCA FOR BROTHERHOOD

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

Mr. PEPPER. Mr. Speaker, in this day and age when so much of our literature reflects a growing alienation from and disenchantment with America it is refreshing to see that there are still some who consider it worth their while to write of their love of and faith in this country. Just this past week I received a poem in the mail from Ms. Deborah E. Katz expressing just how deeply she feels about our Nation. Her beautiful verse will serve as an inspiration to all of us and a reminder that ours is a great country and there is still much left to hope for in the future of America.

Mr. Speaker, I insert Ms. Katz' poem in the RECORD directly following my remarks:

AMERICA: MECCA FOR BROTHERHOOD

(By Deborah E. Katz)

America is multi-colored; prisms
Illuminate its variegated soil;
Rich red loam and hardiest black earth
Sprout the foliage of democracy.
Democracy! what means that hallowed phrase?
Communion of each man with each as brother—
That is the essence of our heritage.

From seed sown with the hands and hearts of men
Who through their freighted course of history
Emerged from fettered cells of tyranny,
Who broke the links forever in their stride
To liberated unrestricted life,
Spring roots imbedded deep in liberty,
That centuries have ripened for their good.

Through toil and patient striving grew our land,
This spacious breathing ground of our forebears;
Through careful planting of well-chosen grain
And thorough ridding of the weeds that stem
The growth and progress of our progeny;
Black and White, Yellow, Red and Brown,
Composite structure of humanity;
Kaleidoscope of our untrammeled lives.

America is richly domiciled;
Its speech is diverse-tongued, flashing forth
Truth and mellow wisdom from the past,
Faith and youthful vision toward the future;
Justice and strength personified in love;
Its theme is peace and man's equality.

Behold our Banner, frilled to the freest wind,
Star-studded, element-embraced, pure,
The Bill of Rights heralds from every fold,
From every pigment of Red, White and Blue,
That spirit, soul and body we belong
To Him who gave us breath and to ourselves,
But to no man to barter or enslave.
Bacteria of intolerance and hate
Spewd in dungeons of the fascist mills
At times lash furiously against our shores,
And some seep in to ravage weaker minds.
But noble-born in courage and morale,
We fortify this sacred arsenal;
Aggression shall not reign upon our strand;
No tyrants shall intrude on our domain—
Democracy and freedom must survive. . .
This truth has been proclaimed to all the world.

INTRODUCTION OF LEGISLATION PROTECTING RIGHT OF PRIVACY

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

Mr. RODINO. Mr. Speaker, I am greatly pleased this afternoon to be introducing two pieces of legislation which are designed to help strike that delicate balance between the legitimate needs of law enforcement for information which is protective of the public welfare and that most-prized but elusive civil liberty of the individual right to privacy.

The President stated in his state of the Union message, delivered on January 30, 1974, that—

> We will make an historic beginning on the task of defining and protecting the right of personal privacy for every American.

Actually, that task was begun by this Congress back in March of 1972. The Subcommittee on Civil Rights and Constitutional Rights—then known as subcommittee No. 4—of the House Committee on the Judiciary began its hearings, study, and dialog on the subject of providing for the dissemination and use of criminal arrest records in a manner that insures their security and privacy on March 16, 1972. I state with some pride that this was a project conceived and born here in the House of Representatives. Hearings continued through the 92d Congress and into the 93d. There is presently pending before that same subcommittee, H.R. 188, to amend title 28 of the United States Code to provide for the dissemination and use of criminal arrest records in a manner that insures their security and privacy, and H.R. 9783, to regulate the collection, storage, and dissemination of information by criminal data banks established or supported by the United States.

I now wish to add for their consideration two pieces of legislation:

First, a bill entitled the "Criminal Justice Information Control and Protection of Privacy Act of 1974." This is the same bill being introduced in the Senate today by Senators ERVIN and HRUSKA. I am also introducing a bill entitled "Criminal Justice Information Systems Act of 1974." This same bill is also being introduced in the Senate today and represents the work of the Department of Justice and is the legislation proposed by this administration pursuant to the President's message. There are similarities to all these bills, but there are also some great differences in application and scope of protections. It appears wisest to me, however, to have all of these proposals and ideas before the subcommittee for their consideration. It is my hope that this bipartisan spirit of initiative which we welcome and join in today will continue through the deliberations and ultimate passage of legislation in this area.

If we have learned anything from our travails of this past year, it is that we must be more assiduous in the guarding of individual privacy and more vigilant to the unlimited, unregulated, unfettered use of any governmental power to collect

information concerning its citizens. I am positive that out of these legislative proposals we will be able to fashion a careful, cogent, and comprehensive uniform national policy; one which will correct the abuses of the past and prevent the abuses in our future; one which will enable us to utilize our technology to the advantage of all but not at the expense of any one individual.

INTRODUCTION OF LEGISLATION PROTECTING THE RIGHT OF PRIVACY

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

Mr. EDWARDS of California. Mr. Speaker, I am happy to join with the distinguished chairman of the House Committee on the Judiciary today in introducing two pieces of legislation directly related to a subject on which the Subcommittee on Civil Rights and Constitutional Rights, which I am privileged to chair, has studied and worked these past 2 years, that is, individual rights to privacy in the area of criminal justice information.

We welcome these contributions to our efforts which will now enable us to finalize and produce the much needed protections to individual liberty and privacy too long overlooked and ignored.

The FBI receives daily over 11,000 requests for arrest-record information from its manually operated fingerprint and "rap sheet" system. Many of these requests go to nonlaw enforcement agencies for employment checks. They also find their way into credit, insurance, and myriad other uses. Unfortunately, this information is not always complete or reflects an arrest but no conviction, however, for most purposes that individual is treated as a criminal solely because of the arrest whether or not he has been charged with a crime or found innocent.

Our technology is advancing by leaps and bounds as is our dollar investment in that technology. The U.S. Government and State agencies have invested $100 million in nationwide computer information systems. There has been developed a nationwide system of computerized criminal-justice information which can locate, retrieve, and send information and files anywhere to one of 40,000 local police departments in seconds. This can be a useful and desirable technological tool for law enforcement in their efforts to protect society, but those systems exist today virtually unregulated and unfettered. We must develop a national uniform system which will protect the indivdual citizen against an unconstitutional invasion of his or her personal privacy.

I am pleased, therefore, to join with Chairman RODINO in introducing both the "Criminal Justice Information Control and Protection of Privacy Act of 1974," sponsored by Senators ERVIN and HRUSKA in the Senate and the "Criminal Justice Information Systems Act of 1974," proposed by the Department of Justice and this administration in response to the President's recent state of the Union message.

They will both aid our deliberations immeasurably. My subcommittee will continue our work in this area, begun over 2 years ago, and hopefully now be able to conclude and produce a piece of legislation tailored to the delicate balance necessary in this area.

We shall begin our hearings this month and shall ask first to hear from Attorney General Saxbe and the Director of the Federal Bureau of Investigation, Mr. Clarence Kelley.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FISH (at the request of Mr. RHODES), for today, on account of illness.

Mr. MCSPADDEN (at the request of Mr. O'NEILL), for today, on account of critical illness of his mother.

Mr. RONCALIO of Wyoming, for February 7 through 12, on account of official business.

Mr. DON H. CLAUSEN (at the request of Mr. RHODES), on account of illness in family.

Mr. STEELMAN (at the request of Mr. RHODES), for today, on account of illness in family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BAUMAN) and to revise and extend their remarks and include extraneous matter:)

Mr. CRANE, for 5 minutes, today.

Mr. FRENZEL, for 30 minutes, today.

Mr. KEMP, for 10 minutes, today.

Mr. WIDNALL, for 10 minutes, today.

Mr. TALCOTT, for 10 minutes, today.

(The following Members (at the request of Mr. ANDREWS of North Carolina) and to revise and extend their remarks and include extraneous matter:)

Mr. FRASER, for 5 minutes, today.

Mr. MURPHY of New York, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. WOLFF, for 5 minutes, today.

Mr. FULTON, for 10 minutes, today.

Mr. MCFALL, for 5 minutes, today.

Mr. DIGGS, for 5 minutes, today.

Mr. OWENS, for 15 minutes, today.

Mr. TIERNAN, for 5 minutes, today.

Mr. PERKINS, for 10 minutes, on February 6.

Mr. O'HARA, for 10 minutes, on February 6.

Mr. BRADEMAS, for 10 minutes, on February 6.

Mr. THOMPSON of New Jersey, for 10 minutes, on February 7.

Mr. DOMINICK V. DANIELS, for 10 minutes, on February 7.

Mr. FORD, for 10 minutes, on February 7.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. KOCH, and to include extraneous matter notwithstanding the fact it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $575.

(The following Members (at the request of Mr. BAUMAN) and to include extraneous material:)

Mr. CRANE in five instances.

Mr. HEINZ.

Mr. YOUNG of Florida in five instances.

Mr. WYMAN in two instances.

Mr. ABDNOR.

Mr. SEBELIUS.

Mr. HINSHAW in two instances.

Mr. YOUNG of Illinois.

Mr. SHOUP.

Mr. WINN.

Mr. WYATT.

Mr. KETCHUM.

Mr. DERWINSKI in two instances.

Mr. STEELE.

Mr. GILMAN.

Mr. COLLINS of Texas in three instances.

Mr. REGULA in two instances.

Mr. COHEN.

Mr. MAYNE in two instances.

Mr. KEMP in three instances.

Mr. BAUMAN in two instances.

Mr. BRAY in two instances.

Mr. MINSHALL of Ohio.

(The following Members (at the request of Mr. ANDREWS of North Carolina) and to include extraneous material:)

Mr. MILLS.

Mr. CHARLES H. WILSON of California.

Mr. CORMAN.

Mr. DE LA GARZA in 10 instances.

Mr. ROSENTHAL in five instances.

Mr. GONZALEZ in three instances.

Mr. RARICK in three instances.

Mr. EVINS of Tennessee in six instances.

Mr. BRADEMAS in six instances.

Mr. BADILLO in three instances.

Mr. BERGLAND in three instances.

Mr. DINGELL in two instances.

Mr. HARRINGTON in three instances.

Mr. CLARK.

Mr. RONCALIO of Wyoming.

Mr. FASCELL in three instances.

Mr. MOAKLEY.

Mr. CONYERS.

Mr. BENITEZ.

Mr. VANIK in three instances.

Mr. PICKLE in three instances.

Mr. RIEGLE.

Mr. RYAN in two instances.

Mr. HANNA in five instances.

Mr. ASPIN in 10 instances.

Mr. MCCORMACK in two instances.

Mr. JARMAN.

Mr. ECKHARDT in two instances.

Mr. GINN.

Mr. BENNETT.

Mr. HOLIFIELD.

Mr. DANIELSON in five instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's

table and, under the rule, referred as follows:

S. 2368. An act to protect the public health by amending the Federal Food, Drug, and Cosmetic Act to assure the safety and effectiveness of medical devices; to the Committee on Interstate and Foreign Commerce.

S. 2777. An act to establish within the Department of the Interior an additional Assistant Secretary of the Interior for Indian Affairs, and for other purposes; to the Committee on Interior and Insular Affairs.

ADJOURNMENT

Mr. ANDREWS of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p.m.), the House adjourned until tomorrow, Wednesday, February 6, 1974, 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:

1829. A letter from the Acting Secretary of the Navy, transmitting the annual report on the number of Navy and Marine Corps officers above the grade of major or lieutenant commander, by grade and age group, who are entitled to flight incentive pay, and the average monthly incentive pay authorized for those officers during the 6 month period ended October 31, 1973, pursuant to 37 U.S.C. 301(g); to the Committee on Armed Services.

1830. A letter from the Director, Defense Civil Preparedness Agency, transmitting a report on Federal financial assistance to States for civil defense equipment and facilities during the quarter ended December 31, 1973, pursuant to 50 U.S.C. app. 2281(i); to the Committee on Armed Services.

1831. A letter from the Chairman, Federal Home Loan Bank Board, transmitting a draft of proposed legislation to provide for the chartering of Federal stock savings and loan associations, to regulate unitary savings and loan holding companies, and for other purposes; to the Committee on Banking and Currency.

1832. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a copy of Presidential Determination No. 74–13, waiving the restriction on sales, credits, and guarantees to the Government of Ecuador, pursuant to section 3(b) of the Foreign Military Sales Act, as amended [22 U.S.C. 2753(b)]; to the Committee on Foreign Affairs.

1833. A letter from the Acting Assistant Secretary of State for Congressional Relations, transmitting the country allocations of grant military assistance for fiscal year 1974, pursuant to section 653 of the Foreign Assistance Act of 1961, as amended [22 U.S.C. 2413(a)]; to the Committee on Foreign Affairs.

1834. A letter from the Secretary, Smithsonian Institution, transmitting the annual report of the Smithsonian Institution for fiscal year 1973, pursuant to 20 U.S.C. 57; to the Committee on House Administration.

1835. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to provide for advancing the effective date of the final order of the Interstate Commerce Commission in docket no. MC 43 (Sub-No. 2); to the Committee on Interstate and Foreign Commerce.

1836. A letter from the Attorney General, transmitting a draft of proposed legislation to facilitate and regulate the exchange of criminal justice information; to the Committee on the Judiciary.

1837. A letter from the Attorney General, transmitting a draft of proposed legislation to amend the Civil Rights Act of 1964 to preserve the authority of the Attorney General; to the Committee on Education and Labor.

1838. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to section 212(d)(6) of the act [8 U.S.C. 1182(d)(6)]; to the Committee on the Judiciary.

1839. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in the cases of certain aliens under the authority contained in section 13(b) of the act of September 11, 1957, pursuant to section 13(c) of the act [8 U.S.C. 12556(c)]; to the Committee on the Judiciary.

1840. A letter from the Chairman, National Parks Centennial Commission, transmitting the financial statement of the Commission to accompany the previously submitted final report, pursuant to section 5(c) of Public Law 91–332; to the Committee on the Judiciary.

1841. A letter from the president and chairman, Little League Baseball, Inc., transmitting the annual report and audit of Little League Baseball, Inc., for fiscal year 1972–73, together with the financial statements of the Little League Foundation for the same period, pursuant to section 14(b) of Public Law 88–378; to the Committee on the Judiciary.

1842. A letter from the Assistant Secretary of Defense (Manpower and Reserve Affairs), transmitting a report on positions in the Department of Defense during calendar year 1973 in grades GS–16, 17, and 18, and a report on scientific and professional positions in the Department, pursuant to 5 U.S.C. 5114(a) and 3104(c); to the Committee on Post Office and Civil Service.

1843. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a draft of proposed legislation to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; to the Committee on Science and Astronautics.

RECEIVED FROM THE COMPTROLLER GENERAL

1844. A letter from the Comptroller General of the United States, transmitting a report that the design and administration of the adverse action and appeal systems of the Civil Service Commission need to be improved; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 822. Resolution providing for the consideration of H.R. 10265. A bill to provide for an audit by the General Accounting Office of the Federal Reserve Board, banks, and branches, to extend section 14(b) of the Federal Reserve Act, and to provide an additional $60,000,000 for the construction of Federal Reserve Bank Branch buildings (Rept. No. 93–775). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 823. Resolution providing for the consideration of H.R. 11864. A bill to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling (Rept. No. 93–776). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 824. Resolution providing for the consideration of H.R. 11873. A bill to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research (Rept. No. 93–777). Referred to the House Calendar.

Mr. HAYS: Committee on House Administration. H.R. 8053. A bill to amend title 13, United States Code, to establish within the Bureau of the Census a Voter Registration Administration for the purpose of administering a voter registration program through the Postal Service; with amendment (Rept. No. 93–778). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 12481. A bill to amend the Internal Revenue Code of 1954 to provide pension reform (Rept. No. 93–779). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California (for himself and Mr. RINALDO):

H.R. 12546. A bill to amend the Public Health Service Act to provide for the screening and counseling of Americans with respect to Tay-Sachs disease; to the Committee on Interstate and Foreign Commerce.

By Mr. ARCHER:

H.R. 12547. A bill to direct the Comptroller General of the United States to conduct a study of the burden of reporting requirements of Federal regulatory programs on independent business establishments, and for other purposes; to the Committee on Government Operations.

By Mr. BENITEZ (for himself, Mr. TAYLOR of North Carolina, Mr. SKUBITZ, Mr. STEPHENS, Mr. SEBELIUS, and Mr. DE LUGO):

H.R. 12548. A bill to authorize and direct the Secretary of the Interior to conduct certain studies at the San Juan National Historic Site, Puerto Rico, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CARTER:

H.R. 12549. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

H.R. 12550. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the appointment of scientific advisory committees to make recommendations concerning scientific matters raised in the course of proceedings under sections 505 and 507 of that act relating to new drugs and certification of antibiotics; to the Committee on Interstate and Foreign Commerce.

By Mr. DE LUGO (for himself, Mr. TAYLOR of North Carolina, Mr. SKUBITZ, Mr. STEPHENS, and Mr. SEBELIUS):

H.R. 12551. A bill to amend the Act of October 5, 1962, relating to the Virgin Islands National Park; to the Committee on Interior and Insular Affairs.

By Mr. DICKINSON:

H.R. 12552. A bill to require oil producers, refiners, and distributors to provide certain information as requested by the Federal Energy Administration, to authorize auditing of such information by the General Accounting Office, and to provide for enforcement; to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL (for himself, Mr. CASEY of Texas, Mr. BROWN of California, Mr. YOUNG of Illinois, Mr. BOLAND, Mr. YOUNG of Georgia, Mr. MAZZOLI, Mr. STARK, Mr. DE LUGO, Mr. HUBER, Mr. FRASER, Mr. FORSYTHE, Mr. DENT, Mr. KARTH, Mr. THOMPSON of New Jersey, Mr. BROYHILL of Virginia, Mr. DULSKI, Mr. BADILLO, Mr. DERWINSKI, Mr. ASHLEY, Mr. BINGHAM, Mr. ROYBAL, Mr. WOLFF, Mr. MOAKLEY, and Ms. HOLTZMAN):

H.R. 12553. A bill to prohibit the sale of "Saturday Night Special" handguns in the United States; to the Committee on the Judiciary.

By Mr. DINGELL (for himself, Mr. CASEY of Texas, Mr. WHITEHURST, Mr. FOLEY, Mr. WARE, Mr. THONE, Mr. VANDER JAGT, and Mr. STUDDS):

H.R. 12554. A bill to prohibit the sale of "Saturday Night Special" handguns in the United States; to the Committee on the Judiciary.

By Mr. EDWARDS of Alabama:

H.R. 12555. A bill to amend section 1871 of title 28 of the United States Code relating to the travel allowance of grand and petit jurors; to the Committee on the Judiciary.

By Mr. FRENZEL:

H.R. 12556. A bill to protect the political rights and privacy of individuals and organizations and to define the authority of the Armed Forces to collect, distribute, and store information about civilian political activity; to the Committee on Armed Services.

H.R. 12557. A bill to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasions of privacy by prescribing procedures and standards governing the disclosure of information to Govenment agencies; to the Committee on Banking and Currency.

H.R. 12558. A bill to limit the sale or distribution of mailing lists by Federal agencies; to the Committee on Government operations.

H.R. 12559. A bill to amend title 5, United States Code, to provide that individuals be apprised of records concerning them which are maintained by Government agencies; to the Committee on Government Operations.

H.R. 12560. A bill to protect the civilian employees of the executive branch of the U.S. Government in the enjoyment of their constitutional rights and to prevent unwarranted governmental invasions of their privacy; to the Committee on Post Office and Civil Service.

By Mr. FULTON:

H.R. 12561. A bill to amend titles XVIII and XIX of the Social Security Act to provide an optional, simplified method of reimbursement for physicians' services under the medicare and medicaid programs for each State on the basis of a fee schedule, uniform through such State, and to authorize reimbursement to participating physicians in the full fee schedule amounts (with collection of the applicable deductibles and coinsurance from patients becoming the responsibility of the Federal program; to the Committee on Ways and Means.

By Mr. GOLDWATER:

H.R. 12562. A bill to amend the Vocational Rehabilitation Act to provide a more equitable method of allotting funds for vocational rehabilitation services among the States; to the Committee on Education and Labor.

By Mr. HARRINGTON:

H.R. 12563. A bill to provide public service employment opportunities for unemployed and underemployed persons, to assist States and local communities in providing needed public services, and for other purposes; to the Committee on Education and Labor.

By Mr. HÉBERT (for himself and Mr. BRAY) (by request):

H.R. 12564. A bill to authorize appropriations during the fiscal year 1975 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes; to the Committee on Armed Services.

H.R. 12565. A bill to authorize appropriations during the fiscal year 1974 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons and research, development, test and evaluation for the Armed Forces, and to authorize construction at certain installations, and for other purposes; to the Committee on Armed Services.

By Mrs. HOLT (for herself, Ms. ABZUG, Mr. BAUMAN, Mr. BRASCO, Mr. BROWN of California, Mr. BUCHANAN, Mr. BURGENER, Mr. DEL CLAWSON, Mr. CLEVELAND, Mr. HELSTOSKI, Ms. HOLTZMAN, Mr. MAZZOLI, Mr. NIX, Mr. PEPPER, Mr. PODELL, Mr. TIERNAN, Mr. TOWELL of Nevada, Mr. WALDIE, Mr. WIDNALL, Mr. YOUNG of Alaska, and Mr. RYAN):

H.R. 12566. A bill to establish a national homestead program under which single-family dwellings owned by the Secretary of Housing and Urban Development may be conveyed at nominal cost to individuals and families who will occupy and rehabilitate them; to the Committee on Banking and Currency.

By Mr. LUJAN:

H.R. 12567. A bill to encourage the movement in interstate and foreign commerce of recycled and recyclable materials and to reduce the quantities of solid waste materials in commerce which cannot be recycled or do not contain available recycled materials, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MOAKLEY:

H.R. 12568. A bill to amend section 5584 of title 5, United States Code, to include claims for overpayments of pay and allowances to employees of the Government Printing Office, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 12569. A bill to amend the age and service requirements for immediate retirement under subchapter III of chapter 83 of title 5, United States Code, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 12570. A bill to provide for access to all duly licensed providers of health services without prior referral in the Federal employee health benefits program; to the Committee on Post Office and Civil Service.

H.R. 12571. A bill to amend chapter 11 of title 5, United States Code, to prohibit a U.S. Civil Service Commissioner from engaging in any other business or employment; to the Committee on Post Office and Civil Service.

By Mr. RODINO:

H.R. 12572. A bill to amend the Manpower Development and Training Act (Public Law 87-415, as amended) to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Education and Labor.

H.R. 12573. A bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns; to the Committee on Ways and Means.

By Mr. RODINO (for himself and Mr. EDWARDS of California):

H.R. 12574. A bill to facilitate and regulate the exchange of criminal justice information; to the Committee on the Judiciary.

H.R. 12575. A bill to protect the constitutional rights and privacy of individuals upon whom criminal justice information and criminal justice intelligence information have been collected and to control the collection and dissemination of criminal justice information and criminal justice intelligence information, and for other purposes; to the Committee on the Judiciary.

By Mr. ROSENTHAL:

H.R. 12576. A bill to amend the Federal Trade Commission Act with respect to misleading brand names; to the Committee on Interstate and Foreign Commerce.

By Mr. SHIPLEY:

H.R. 12577. A bill to prohibit the exportation of raw steel and semiprocessed steel until the President determines that a shortage of such items no longer exists; to the Committee on Banking and Currency.

By Mr. STUBBLEFIELD:

H.R. 12578. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. TAYLOR of North Carolina:

H.R. 12579. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. TEAGUE:

H.R. 12580. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. VEYSEY:

H.R. 12581. A bill to amend the Internal Revenue Code of 1954 to eliminate, in the case of any oil or gas well located outside the United States, the percentage depletion allowance and the option to deduct intangible drilling and development costs, and to deny a foreign tax credit with respect to the income derived from any such well; to the Committee on Ways and Means.

By Mr. WOLFF (for himself, Ms. ABZUG, Mr. ADDABBO, Mr. BADILLO, Mr. BRASCO, Mr. BROWN of Michigan, Mr. BROWN of California, Mr. BUCHANAN, Mr. CEDERBERG, Mrs. COLLINS of Illinois, Mr. CONYERS, Mr. DELLUMS, Mr. DE LUGO, Mr. DENT, Mr. EDWARDS of California, Mr. EILBERG, Mr. FRASER, Mr. HARRINGTON, Mr. HELSTOSKI, Mr. KOCH, Mr. METCALFE, Mr. MCKINNEY, Mr. MITCHELL of Maryland, Mr. MOSS, and Mr. STARK):

H.R. 12582. A bill to direct the Attorney General to prepare a pamphlet explaining the drug abuse laws of certain foreign countries and to require the distribution of such pamphlet to passengers traveling on an air or water carrier to foreign countries; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLFF (for himself, Mr. THOMPSON of New Jersey, and Mr. CHARLES H. WILSON of California):

H.R. 12583. A bill to direct the Attorney General to prepare a pamphlet explaining the drug abuse laws of certain foreign countries and to require the distribution of such pamphlet to passengers traveling on an air or water carrier to foreign countries; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLFF (for himself, Mrs. HECKLER of Massachusetts, Mr. CARNEY of Ohio, Mr. HELSTOSKI, and Mr. WALSH):

H.R. 12584. A bill to amend title 38 of the United States Code in order to increase the rates of educational assistance allowances; to provide for the payment of tuition, the extension of educational assistance entitlement, acceleration of payment of educational assistance allowances, and expansion of the work-study program; to establish a Vietnam Era Veterans' Communication Center and a Vietnam Era Advisory Committee; and to otherwise improve the educational and training assistance program for veterans; to the Committee on Veterans' Affairs.

By Mr. YOUNG of Georgia:

H.R. 12585. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973, and to provide for daylight saving time for 8 months during each calendar year; to the Committee on Interstate and Foreign Commerce.

By Mr. BIAGGI:

H.R. 12586. A bill to provide for Daylight Saving Time from the first Sunday in March to the last Sunday in October; to the Committee on Interstate and Foreign Commerce.

By Mr. BINGHAM:

H.R. 12587. A bill to amend the Economic Stabilization Act of 1970, to rollback the price of domestic crude oil, and petroleum products, and for other purposes; to the Committee on Banking and Currency.

By Mr. BLATNIK:

H.R. 12588. A bill to amend the Mineral Lands Leasing Act to provide for more efficient and equitable methods for the exploration for and development of oil shale resources on Federal lands, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 12589. A bill to establish a National Energy Information System, to authorize the Department of the Interior to undertake an inventory of U.S. energy resources on public lands and elsewhere, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 12590. A bill to amend the Internal Revenue Code of 1954 to provide for an energy conservation tax and increase in the tax on gasoline, to establish the Energy Development and Supply Trust Fund, and for other purposes; to the Committee on Ways and Means.

H.R. 12591. A bill to amend the Internal Revenue Code of 1954 to provide for income averaging in the event of downward fluctuations in income; to the Committee on Ways and Means.

H.R. 12592. A bill to amend the Internal Revenue Code of 1954 to eliminate, in the case of any oil or gas well located outside the United States, the percentage depletion allowance and the option to deduct intangible drilling and development costs, and to deny a foreign tax credit with respect to the income derived from any such well; to the Committee on Ways and Means.

H.R. 12593. A bill to impose an excess profits tax on the income of corporations engaged in the production or distribution of energy during the present energy crises; to the Committee on Ways and Means.

H.R. 12594. A bill to amend the Atomic Energy Act of 1954, as amended, to restructure the hearing process with respect to licenses to construct or operate utilization or production facilities; to the Joint Committee on Atomic Energy.

By Mr. DRINAN (for himself, Ms. ABZUG, Mr. BADILLO, Mr. BROWN of California, Ms. CHISHOLM, Mr. CONYERS, Mr. DELLUMS, Mr. EDWARDS of California, Mr. EILBERG, Mr. GIBBONS, Mr. HARRINGTON, Mr. HELSTOSKI, Ms. HOLTZMAN, Mr. KASTENMEIER, Mr. MACDONALD, Mr. METCALFE, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. NIX, Mr. PODELL, Mr. RANGEL, Mr. ROONEY of Pennsylvania, Mr. ST GERMAIN, Mr. SARASIN, and Ms. SCHROEDER):

H.R. 12595. A bill to amend the Internal Revenue Code of 1954 to deny the deduction of any expenditure of any oil company for advertising not directly related to the sale of products or services; to the Committee on Ways and Means.

By Mr. DULSKI:

H.R. 12596. A bill to amend the Public Health Service Act to improve the national cancer program and to authorize appropriations for such program for the next 3 fiscal years; to the Committee on Interstate and Foreign Commerce.

By Mr. FRASER:

H.R. 12597. A bill to give effect to the International Convention on Conduct of Fishing Operations in the North Atlantic, signed at London under date of June 1, 1967, and for other purposes; to the Committee on Foreign Affairs.

By Mr. GILMAN:

H.R. 12598. A bill to amend the Federal Railroad Safety Act of 1970 (Public Law 91-458), to provide for the installation of safety glass on railroad passenger cars; to the Committee on Interstate and Foreign Commerce.

By Mr. ICHORD:

H.R. 12599. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. JARMAN:

H.R. 12600. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974; to the Committee on Interstate and Foreign Commerce.

H.R. 12601. A bill to improve and implement procedures for fiscal controls in the U.S. Government, and for other purposes; to the Committee on Rules.

By Mr. KETCHUM:

H.R. 12602. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK:

H.R. 12603. A bill to amend the Federal Trade Commission Act (15 U.S.C. 44, 45) to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. McKINNEY:

H.R. 12604. A bill to amend the District of Columbia Police and Fireman's Salary Act of 1958 to increase salaries, and for other purposes; to the Committee on the District of Columbia.

By Mr. MARAZITI:

H.R. 12605. A bill; Emergency Export Control Act of 1974; to the Committee on Banking and Currency.

H.R. 12606. A bill to amend the Public Health Service Act to assure an adequate supply of chlorine and certain other chemicals and substances which are necessary for safe drinking water and for waste water treatment; to the Committee on Interstate and Foreign Commerce.

H.R. 12607. A bill; Petroleum Regulation Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MELCHER:

H.R. 12608. A bill to amend the Emergency Highway Energy Conservation Act to provide for a maximum national speed limit of 60 miles per hour; to the Committee on Public Works.

By Mr. MOAKLEY:

H.R. 12609. A bill to amend title 5, United States Code, to provide special assistance and benefits to Federal employees involuntarily separated through reductions in force, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 12610. A bill providing for direct access to social workers' services under the Federal employees' health benefits program; to the Committee on Post Office and Civil Service.

H.R. 12611. A bill to provide certain enrollees of Federal health benefit plans coverage supplementary to parts A and B of the medicare program with appropriate Government contribution thereto; to the Committee on Post Office and Civil Service.

H.R. 12612. A bill to provide for access to all duly licensed providers of health services without prior referral in the Federal employee health benefits program; to the Committee on Post Office and Civil Service.

H.R. 12613. A bill to amend title 39, United States Code, to authorize the transmission, without cost to the sender, of letter mail to the President or Vice President of the United States, to Federal executive departments and agencies, or to Members of Congress, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 12614. A bill to amend title 5, United States Code, to provide for reemployment of former employees receiving civil service disability retirement annuities found to be recovered from their disabilities or substantially restored to their former earning capacities; to the Committee on Post Office and Civil Service.

H.R. 12615. A bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service; to the Committee on Post Office and Civil Service.

H.R. 12616. A bill to amend title 5, United States Code, to provide for the payment by the Government of all costs of the Federal employees basic group life and accidental death and dismemberment insurance program; to the Committee on Post Office and Civil Service.

H.R. 12617. A bill to supplement retirement benefits for State and local law enforcement officers; to the Committee on Post Office and Civil Service.

By Mr. STEELE (for himself, Ms. ABZUG, Mr. ADDABBO, Mr. BADILLO, Ms. CHISHOLM, Ms. COLLINS of Illinois, Mr. DAVIS of Georgia, Mr. EILBERG, Mr. FAUNTROY, Mr. HAWKINS, Mr. HOGAN, Ms. HOLTZMAN, Mr. JOHNSON of Pennsylvania, Mr. LEGGETT, and Mr. MAZZOLI):

H.R. 12618. A bill to provide financial assistance to the States for improved educational services for exceptional children; to establish a National Clearinghouse on Exceptional Children, and for other purposes; to the Committee on Education and Labor.

By Mr. STEELE (for himself, Mr. McDADE, Mr. MITCHELL of New York, Mr. MOAKLEY, Mr. MURPHY of Illinois, Mr. OWENS, Mr. REES, Mr. ROSENTHAL, Mr. ROYBAL, Mr. SARASIN, Mr. SARBANES, Mr. STOKES, Mr. TIERNAN, Mr. WALDIE, Mr. CHARLES H. WILSON of California, Mr. WON PAT, and Mr. YATRON):

H.R. 12619. A bill to provide financial assistance to the States for improved educational services for exceptional children; to establish a National Clearinghouse on Exceptional Children; and for other purposes; to the Committee on Education and Labor.

By Mr. STEELE (for himself, Mrs. GRASSO, and Mr. HARRINGTON):

H.R. 12620. A bill to provide financial assistance to the States for improved educa-

tional services for exceptional children; to establish a National Clearinghouse on Exceptional Children, and for other purposes; to the Committee on Education and Labor.

By Mr. VANIK (for himself, Mr. CONYERS, Ms. COLLINS of Illinois, Mr. EDWARDS of California, Mr. HARRINGTON, Mr. MOAKLEY, Mr. RODINO, Ms. SCHROEDER, and Mr. WON PAT):

H.R. 12621. A bill to amend the Internal Revenue Code of 1954 to provide for an energy conservation tax and an increase in the tax on gasoline, to establish the Energy Development and Supply Trust Fund, and for other purposes; to the Committee on Ways and Means.

By Mr. YOUNG of Alaska:

H.R. 12622. A bill to authorize certain revenues from leases on the Outer Continental Shelf to be made available to coastal and other States; to the Committee on the Judiciary.

By Mr. YOUNG of South Carolina:

H.R. 12623. A bill to repeal the Daylight Savings Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. RHODES (for himself, Mr. ADDABBO, Mr. BELL, Mr. BIESTER, Mrs. BOGGS, Mr. BRINKLEY, Mr. CARTER, Mr. DENT, Mr. DAN DANIEL, Mr. DOMINICK V. DANIELS, Mr. FRENZEL, Mr. HINSHAW, Mrs. HOLT, Mr. GAYDOS, Mr. LOTT, Mr. MARTIN of North Carolina, Mr. MILLER, Mr. REGULA, Mr. ROBINSON of Virginia, Mr. RUNNELS, Mr. STARK, Mr. SYMINGTON, Mr. WHITE, Mr. WHITEHURST, and Mr. WINN):

H.J. Res. 891. Joint resolution to authorize and request the president to issue annually a proclamation designating the fourth Sunday of November each year as "National Grandparents' Day"; to the Committee on the Judiciary.

By Mr. RHODES (for himself, Mr. YOUNG of Florida, and Mr. ZWACH):

H.J. Res. 892. Joint resolution to authorize and request the President to issue annually a proclamation designating the fourth Sunday of November each year as "National Grandparents' Day"; to the Committee on the Judiciary.

By Mr. STAGGERS (for himself and Mr. DEVINE):

H.J. Res. 893. Joint resolution to provide for advancing the effective date of the final order of the Interstate Commerce Commission in docket No. MC-43 (Sub-No. 2); to the Committee on Interstate and Foreign Commerce.

By Mr. CARTER:

H. Con. Res. 426. Concurrent resolution to extend the congratulations of the Congress on the 100th anniversary of Eastern Kentucky University's role in higher education; to the Committee on the Judiciary.

By Mr. DUNCAN:

H. Res. 813. Resolution providing for the disapproval of the recommendations of the President of the United States with respect to the rates of pay of offices and positions within the purview of the Federal Salary Act of 1967 (81 Stat. 643; Public Law 90-206) transmitted by the President to the Congress in the budget for fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. DULSKI:

H. Res. 814. Resolution providing for funds for the investigations and studies authorized by House Resolution 180; to the Committee on House Administration.

By Mr. ANDREWS of North Carolina:

H. Res. 815. Resolution to amend the Rules of the House of Representatives to establish as a standing committee of the House the Committee on Energy, and for other purposes; to the Committee on Rules.

By Mr. BRAY (for himself, Mr. HUDNUT, Mr. MAYNE, and Mr. DENNIS):

H. Res. 816. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. BROTZMAN:

H. Res. 817. Resolution disapproving the recommendations of the President with respect to the rates of pay of Members of Congress transmitted to the Congress in the appendix to the budget for fiscal year 1975, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. GROSS (for himself, Mr. DENNIS, Mr. HILLIS, Mr. ZION, Mr. DEVINE, Mr. CLANCY, Mr. WYLIE, Mr. MONTGOMERY, and Mrs. HOLT):

H. Res. 818. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. HUNT:

H. Res. 819. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. KEMP:

H. Res. 820. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. PETTIS:

H. Res. 821. A resolution disapproving the recommendations of the President with respect to the rates of pay of Members of Congress transmitted to the Congress in the appendix to the budget for the fiscal year 1975, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ICHORD (for himself, Mr. DENT, Mr. ASPIN, Mr. BURGENER, Mr. GIAIMO, Mr. MATHIAS of California, Mr. MURPHY of New York, Mr. BAKER, Mr. FAUNTROY, Mr. DINGELL, Mr. ROBINSON of Virginia, Mr. WOLFF, Mr. METCALFE, Mr. TAYLOR of North Carolina, Mr. FLOWERS, Mr. JOHNSON of California, Mr. SLACK, Mr. BROYHILL of North Carolina, Mr. CARTER, Mr. GROSS, Mr. STRATTON, Mr. GUYER, Mr. PRICE of Texas, Mr. RYAN, and Mr. WALDIE):

H. Res. 825. Resolution declaring the sense of the House with respect to a prohibition of extension of credit by the Export-Import Bank of the United States; to the Committee on Banking and Currency.

By Mr. MAYNE:

H. Res. 826. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. YOUNG of Florida:

H. Res. 827. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

346. The SPEAKER presented a memorial of the Senate of the Commonwealth of Massachusetts, relative to consideration of the needs of the physically handicapped in the formulation of a gasoline rationing plan; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL of Virginia:

H.R. 12624. A bill for the relief of Branislav Maksimovich; to the Committee on the Judiciary.

By Mr. LONG of Maryland:

H.R. 12625. A bill for the relief of Gabor and Susan Domokos; to the Committee on the Judiciary.

By Mr. SCHERLE:

H.R. 12626. A bill for the relief of Lt. (junior grade) Charles W. Baker, Medical Service Corps, U.S. Navy; to the Committee on the Judiciary.

By Mr. YOUNG of Alaska:

H.R. 12627. A bill to authorize and direct the Secretary of the Department under which the U.S. Coast Guard is operating to cause the vessel *Miss Keku*, owned by Clarence Jackson of Juneau, Alaska, to be documented as a vessel of the United States so as to be entitled to engage in the American fisheries; to the Committee on Merchant Marine and Fisheries.

By Mr. WHALEN:

H. Con. Res. 427. Concurrent resolution in recognition of the 100th anniversary of Sigma Kappa Sorosity; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

389. The SPEAKER presented a petition of Anne C. Martindell, Princeton, N.J., relative to impeachment of the President; to the Committee on the Judiciary.

SENATE—*Tuesday, February 5, 1974*

The Senate met in executive session at 10 a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Our Father God, we need Thee every hour of every day. We need Thee not alone in difficulties or in crises but in the solitary moment and in daily work. As we open our hearts to Thee, wilt Thou enter our hearts afresh to give new power for new tasks. Show us Thy will for our times. In this quiet moment we plead—"Speak, Lord; for Thy servant heareth" (I Samuel 3:9), and hearing Thee, may we obey.

We pray in His name who went about doing good. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).