in the administration of health services in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

ENROLLED BILL SIGNED

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 14619. An act for the relief of S. Sgt. Lawrence F. Payne, U.S. Army, retired.

SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 3348. An act to amend title 38, United States Code, to increase the rates of compensation for disabled veterans, and for other purposes.

BILLS AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills and joint resolutions of the House of the following titles:

On July 30, 1970:

H.R. 16916. An act making appropriations for the Office of Education for the fiscal year ending June 30, 1971, and for other purposes.

On July 31, 1970:

H.R. 914. An act for the relief of Hood River County Oreg.;

H.R. 15733. An act to amend the Railroad Retirement Act of 1937 to provide a temporary 15 percent increase in annuities, to change for a temporary period the method of computing interest on investments of the railroad retirement accounts, and for other purposes;

H.J. Res. 1328. A resolution making further continuing appropriations for the fiscal year 1971, and for other purposes;

H.J. Res. 1336. A resolution to extend the effectiveness of the Defense Production Act of 1950 to August 15, 1970.

ADJOURNMENT

Mr. STOKES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 28 minutes p.m.), under its previous order, the House adjourned until Monday, August 3, 1970, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2267. A letter from the Director, Congressional Liaison Staff, Agency for International Development, Department of State, transmitting the second annual report on actions taken by the Agency to strengthen management practices in the foreign aid program, pursuant to section 621(a) of the Foreign Assistance Act of 1961, a amended; to the Committee on Foreign Affairs.

RECEIVED FROM THE COMPTROLLER GENERAL

2268. A letter from the Comptroller General of the United States, transmitting a report on the questionable basis for approving certain auxiliary route segments of the Interstate Highway System, Federal Highway Administration, Department of Transportation; 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. PERKINS: Committee, on Education and Labor. H.R. 18260. A bill to authorize the U.S. Secretary of Health, Education, and Welfare to establish educational programs to encourage understanding of policies and support of activities designed to preserve and enhance environmental quality and maintain ecological balance; with an amendment (Rept. No. 81–1362). 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. BENNETT:

H.R. 18751. A bill to amend title 10, United States Code, relating to the grade in which members of the Armed Forces are discharged or retired, and for other purposes; to the Committee on Armed Services.

By Mr. BROYHILL of Virginia:

H.R. 18752. A bill to reorganize the government of the District of Columbia by establishing a Council of the District of Columbia to replace the Commissioner of the District of Columbia and the District of Columbia Council, and for other purposes; to the Committee on the District of Columbia.

By Mr. BURLESON of Texas:

H.R. 18753. A bill to amend title XVIII of the Social Security Act to modify the nursing service requirement and certain other requirements which an institution must meet in order to qualify as a hospital thereunder so as to make such requirements more realistic insofar as they apply to smaller institutions; to the Committee on Ways and Means.

By Mr. CEDERBERG:

H.R. 18754. A bill to prohibit brokered deposits in banks and other financial institutions; to the Committee on Banking and Currency.

By Mr. DINGELL:

H.R. 18755. A bill to amend section 7275 of the Internal Revenue Code of 1954 (as added by the Airport and Airways Revenue Act of 1970) to require that airline tickets, with respect to the transportation of persons by air which is subject to Federal tax, show the amount of such tax separately from the cost of the transportation involved; to the Committee on Ways and Means.

By Mr. HORTON:

H.R. 18756. A bill to amend the Immigration and Nationality Act with respect to naturalization fees; to the Committee on the Judiciary.

H.R. 18757. A bill to permit husbands to be claimed as dependents for the purposes of computing educational assistance allowances for female veterans; to the Committee on Veterans' Affairs.

By Mr. ROSENTHAL:

H.R. 18758. A bill to provide minimum disclosure standards for written warranties and guarantees of consumer products against defect or malfunction; to define minimum Federal content standards for such warranties and guarantees; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROYBAL:

H.R. 18759. A bill to amend the Internal Revenue Code of 1954 to permit airline tickets and advertising to state the amount of tax on air transportation; to the Committee on Ways and Means.

By Mr. BURTON of Utah:

H.R. 18760. A bill to repeal certain provisions of the Airport and Airway Development Act of 1970; to the Committee on Ways and Means.

By Mr. CÓRDOVA (for himself and Mr. SMITH of New York):

H.R. 18761. A bill to continue the jurisdiction of the U.S. district court for the district of Puerto Rico over certain cases pending in that court on June 2, 1970; to the Committee on the Judiciary.

By Mr. McMILLAN (by request):

H.R. 18762. A bill to amend the District of Columbia Minimum Wage Act to provide that a wage order under that act may not be revised more frequently than once a year, to change the membership on wage order advisory committees, and to limit the maximum wage under a wage order to not more than 10 percentum of the highest Federal minimum wage rate; to the Committee on the District of Columbia.

By Mr. QUIE (for himself, Mr. CAREY, Mr. AYRES, Mr. WILLIAM D. FORD, Mr. BELL of California, Mr. REID of New York, Mr. ERLENBORN, Mr. SCHERLE, Mr. DELLENBACK, Mr. ESCH, Mr. ESHLEMAN, Mr. LANDGREBE, and Mr. HANSEN of Idaho):

H.R. 18763. A bill to amend Public Law 874 (81st Cong.) to provide adequate compensation to local educational agencies for special programs designed to meet the special educational and related needs of handicapped children and of children with specific learning disabilities, and for other purposes; to the Committee on Education and Labor.

By Mr. STAGGERS (for himself, Mr. Moss, Mr. MURPHY of New York, and Mr. ECKHARDT):

H.R. 18764. A bill to amend the Federal Trade Commission Act to provide increased protection for consumers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KUYKENDALL:

H.J. Res. 1339. Joint resolution proposing an amendment to the Constitution of the United States extending the right to vote to citizens 18 years of age or older; to the Committee on the Judiciary.

By Mr. MIZELL:

H.J. Res. 1340. Joint resolution to authorize the President to issue annually a proclamation designating the first week in June of each year as "National PBX Operators Week"; to the Committee on the Judiciary.

By Mr. FULTON of Pennsylvania:

H. Con. Res. 697. Concurrent resolution to repeal the Gulf of Tonkin Resolution; to the Committee on Foreign Affairs.

By Mr. PATTEN:

H. Res. 1170. Resolution expressing the sense of the House of Representatives with respect to balance of power in the Middle East; to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

STEFAN POMIERSKI GREAT POLE—GREAT AMERICAN

HON. PHILIP J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. PHILBIN. Mr. Speaker, on June 25 at Riverhead, N.Y., a very impressive memorial service was conducted for the late Mr. K. Stefan Pomierski, Polish born, great American, and beloved husband, father, and friend, who for many years served his adopted country, the United States, with great ability, dedication, and devotion.

Although he did not use or refer to his title, Mr. Pomierski was born a Polish nobleman, and until he came to this country some years ago and thereafter was known to many as a count.

He was a man of many great gifts—a magnetic personality, brilliant mentality, developed and enriched at some of the greatest universities in Europe, above all, a passionate freedom lover and freedom fighter, dedicated to human liberty, particularly to the free institutions of America, which he loved with all his heart.

He was a noted scholar and spoke 11 different languages.

He was also a zealous student of political philosophy, government, economics, history, and public affairs, and an eloquent, gifted, public speaker.

He was also a natural-born leader, intensely loyal to the cause of his native country, Poland, and its gallant people, which he supported with great skill, tenacity, brilliant leadership and unflagging determination, since Communist domination of Poland began.

He was a recognized leader of various Polish organizations, and was highly decorated for his ideals, his achievements and his great contributions for Polish freedom, and the preservation of the freedom and way of life of our own great country, which he served and loved no less than his own native land.

He won high admiration and esteem for his constant, effective battle against subversion in this country. During his long history of outstanding activities against those at home and abroad striving to destroy freedom in the world, and particularly to weaken and then destroy the greatness and freedom of this country, with its matchless opportunities for the lowly, the humble, and the oppressed, its high standards, its prosperity and well-being, its great works of compassion, sympathy, assistance for the disadvantaged, help for the poor and suffering, of our own country, as well as virtually every corner of the world, Stefan Pomierski was a lover and champion of enslaved and friendless humanity.

Stefan Pomierski was especially interested in the problems of youth, because he well recalled the problems that he faced himself as a young man, struggling and fighting for freedom against powerful, well-entrenched leaders of despotic governments, interested only in ill-gotten gains for themselves and their associates, and intent upon suppressing the rights, freedoms, and privileges of ordinary people, not of their own special mold.

Stefan Pomierski worked a great deal with young people, and he had faith in their ability and loyalty to this country and their willingness to stand up and fight for it in time of danger and peril.

He was convinced that Americans must be constantly alerted to the perils of police state government, based on hostility to spiritual principles, and committed to the evil rule of ruthless, totalitarian dictatorship over the minds, hearts, and souls of men and women.

He was also deeply convinced that democracy must be predicated on duty to country, and that only the people, the loyal and the true, determined to save their freedoms, could possibly overcome the perils and threats coming from so many sources, seeking to start bloody revolutions, ultimately overthrow the Government, and replace it not by ballot but by revolutionary measures, with the Communist system of Karl Marx.

It was appropriate that at the memorial for Stefan Pomierski, a dear friend, the able distinguished Hon. Joseph P. Plonski of Huntington, Long Island, N.Y., counsel to the American Order of General Pulaski, and a recognized judicial leader, should be selected to present the awards memorializing Mr. Pomierski's achievements during his life, and recalling the high esteem and affection in which he was held by all who knew him, and particularly, by those who shared his resolve to liberate his native land and retain the liberty and freedom of this country at all costs.

It was also significant that awards given on the occasion in honor and remembrance of Stefan Pomierski should be bestowed upon talented, young students, mostly of Polish descent, and such fine examples of the Polish national, religious schools of the country, because these causes were very close to Stefan's faith and heart all his life, and he would applaud these splendid awards for talented young people who will be the leaders of tomorrow.

While the Pomierski memorial occasion brings me pangs of deep sorrow for the untimely passing and irreparable loss of this valued and esteemed friend, who is missed so much by those who remembered and loved him during his very useful, constructive, dedicated lifetime, it was also an occasion of great, renewed inspiration, because it meaningfully accentuates the determination and high purpose of people all over this country, represented so well by the people and leaders gathered at these memorial exercises, to defend and protect our great country at all costs, to keep it from harm, free from Communist infiltration, and the evils and debaucheries of subversion, immorality, and indecency that are being spread through the Nation and the world to destroy freedom, the human family, and the moral principles and standards by which our country in such large measure, has become so strong, powerful, and great.

It awakens and arouses people from apathy, indifference, and frustration and brings them to realize the truth of the old expression that if democracy is going to live, it must enjoy the participation and support of all citizens, who believe in its principles and who are willing to fight and die for them, if necessary. This is the spirit that made this Nation what it is, and this is the spirit that will defend and protect it, and make it even a greater instrument for freedom and human happiness in the time to come, down through the long, unbroken channels of history.

Stefan was deeply dedicated to the cause of peace because as a Polish nobleman and loyal American he especially knew the bitter sorrows and horrors of war, and early in life had dedicated himself to courageous resistance to tyranny and evil, and to amity, good will, cooperation, and friendship between all peoples, designed to permit them to live, free of oppression, and entitled under the rule of law, to enjoy the blessings of democracy, freedom, and personal liberty zealously guarded by evenhanded justice.

Peace with freedom and justice, and peace for all—the weak as well as the strong—and a peace ordained by the principles of the Ten Commandments, the Beatitudes, and the Sermon on the Mount, rather than one postulated on contempt and hatred for free, human beings, and unceasing attempts to oppress, shackle, and dominate them under the heel of ruthless, totalitarian dictatorship crushing out their sacred right to liberty and justice.

If Stefan could speak to us today from his heavenly reward in the Great Beyond, I am sure that he would counsel us and our great Nation to remain strong and united, to preserve our blessed heritage, and guard it with all our strength, and with all our hearts, so that no alien power, internal or external, fostering conquest and subjugation of helpless people, as well as all freedom and God believing people, could ever gain a foothold in this country, or black out human freedom in the world.

I want to compliment and hail my dear friend, Mrs. Anna Pomierski, the devoted, loving wife of our dear Stefan for her love, courage, and devotion to the blessed memory of her late, distinguished husband, and wish her all choicest blessings of good health, happiness, and peace with her loving family for many years to come.

K. Stefan de Pomierski—Polish nobleman, American patriot, and beloved husband, father and friend—has joined the heavenly hosts in that "bourne from which no traveler ever returns."

But the graciousness of his devotion to family and friends, his unswerving loyalty to God and country, his unalterable commitment to human freedom and ordered liberty will long remain to inspire

and strengten those he has left behind to stand firm and unyielding by the principles of free government to which his rich life was pledged. Let us all take fresh courage and resolution from his example.

He brought joy and merry fellowship to his friends and companies; he offered his all to his country and his God; and he did much to keep the lamps of freedom lighted in his time.

God love him.

THERESA KORNAFEL WINS RECOGNITION

In honor of the memory of K. Stephan Pomierski, a Past President of the American Order of General Pulaski, three awards are to be made to Superior students from Nassau and Suffolk Counties.

Before his death in June, 1969, at Riverhead, K. Stefan Pomierski was a long time resident of Glen Cove. He had a history of outstanding activities designed to promote appropriate love of America, his adopted Country. Mr. Pomierski originally came from Poland. He was especially interested in problems of youth. An out-spoken foe of Communism, in his writings he predicted problems for America's youth. He wrote, "Americans must be constantly alert to the perils of government based on anti-God principles." "Adult example is the best teacher." "Democracy must be based on duty to Country."

Joseph P. Plonski of Huntington, Counsel to the American Order, will present the awards. Recipients have been chosen by the Mother Superior of the Missionary Sisters of St. Benedict, and the two Principals of both St. Isidore's and St. Hyacinth Schools. Presentation was made at a Memorial Mass held on June 20th, 1970, at 11:00 am, at the Chapel of the Missionary Sisters of St. Benedict, in Huntington, N.Y. Father Alfred Markewicz, Guidance Counselor at St. Pius X Seminary in Uniondale and Chaplain of the Missionary Sisters, celebrated the Mass.

Certificates and cash awards were presented to Sr. M. Maura, a Benedictine Nun who is furthering her studies in nursing and the English language; to James Blihar, a student at St. Hyacinth's School, Glen Cove; and to Theresa Kornafel, a student at St. Isidore's School in Riverhead.

TRIBUTE TO MR. LESLIE S. "LEE" BRADY

HON. E. ROSS ADAIR

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. ADAIR. Mr. Speaker, I rise today to salute a veteran foreign service officer, Mr. Leslie S. "Lee" Brady.

Mr. Brady, who retired from the U.S. Information Agency in April of this year, was named a Chevalier—Knight—of the French Legion of Honor on May 27, 1970, by Louis Joxe, former French Minister and Ambassador.

At the ceremony in his honor, Mr. Brady's contributions to Franco-American friendships were cited by Minister Joxe, who has known Mr. Brady and worked closely with him since the latter first served in Paris after World War II. Altogether, Mr. Brady represented his country in France for 13 years, his last assignment being that of counselor for public affairs.

I commend Mr. Brady upon his distinguished service, which has been so appropriately recognized by the citizens of France.

PRELIMINARY FEDERAL BUDGET RESULTS, FISCAL YEAR 1970

HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. MAHON. Mr. Speaker, on July 28 the executive branch issued a summary report giving the preliminary Federal budget results for the fiscal year 1970 which closed a month ago.

I am including the official report as part of my remarks. In briefest summary:

A LARGER DEFICIT

The budget went in the red, in fiscal 1970, on the unified budget basis—which counts in the trust fund surpluses—by $2.9 billion, instead of the $1.5 billion surplus originally projected in the February 2 budget but which was reestimated as a $1.8 billion deficit in the May 19 official budget revisions.

On the Federal funds basis, that is, excluding the trust funds which are dedicated to specific programs and which by statute are put outside the general expenditure purposes of Government, the budget went in the red in fiscal 1970 by $13 billion, instead of the $7.1 billion deficit originally projected in the February 2 budget but which was reestimated as an $11 billion deficit in the May 19 official budget revisions.

In contrast, in fiscal 1969, the unified budget surplus was $3.2 billion, but in Federal funds there was a deficit of $5.5 billion.

HIGHER EXPENDITURES

Expenditures—budget outlays—for fiscal 1970 totaled $196.8 billion on the unified budget basis, $1.1 billion less than the February 2 projection and $1.4 billion less than the May 19 revised projection.

Mr. Speaker, these lower-than-projected expenditure results are the principal reason administration officials take some satisfaction in the fiscal 1970 budget results. I know from firsthand information that the former Director of the Budget, Mr. Mayo, and the administration generally, has steadfastly sought to restrain the growth of Federal expenditures and to bring about a better balance in the composition of those expenditures. I want to again commend the administration for its efforts in undertaking to hold the line on the budget.

But in comparison to the previous year, fiscal 1969, budget expenditures in fiscal 1970 were $12.2 billion higher on the unified budget basis, several billions of which relate to trust funds, but more than half of which relates to Federal funds.

LOWER REVENUES

Unified budget revenues were less than projected. They totaled $193.8 billion, off $5.6 billion from the outlook projected in the February 2 budget and $2.6 billion less than shown in the May 19 official revisions.

HIGHER PUBLIC DEBT

The public debt subject to the debt limitation on June 30, 1970 was $373,424,826,663—an increase during the fiscal year 1970 of $16,493,302,875.

On a per capita basis—that is, for each man, woman, and child—the public debt was $1,808 at June 30, 1970.

The public debt includes debt held by the public as well as securities issued to the various trust funds—such as social security and highways—for surplus moneys borrowed for use in the regular operations of Government. It is these borrowings that under the unified budget plan tend to mask the depth of red-ink spending for Federal functions as shown by the following table of the 3 most recent years, including very tentative estimates for the current fiscal year 1971:

THE BUDGET SURPLUS AND DEFICIT SITUATION, FISCAL YEARS 1969–71

[In billions of dollars, rounded]

	Trust funds	Federal funds	Total of the 2	Less intra-governmental transactions that wash out	Net totals
Fiscal 1971:					
Budget receipts (revised estimate, May 19)	64.4	149.6	214.0	−9.7	204.3
Budget outlays (revised estimate, May 19)	55.7	159.6	215.3	−9.7	205.6
Surplus (+) or deficit (−) (estimated)	+8.7	−10.0	−1.3		−1.3
Fiscal 1970:					
Budget receipts (preliminary actual)	59.8	143.2	203.0	−9.1	193.8
Budget outlays (preliminary actual)	49.7	156.2	205.9	−9.1	196.8
Surplus (+) or deficit (−) (preliminary actual)	+10.1	−13.0	−2.9		−2.9
Fiscal 1969:					
Budget receipts (actual)	52.0	143.3	195.3	−7.5	187.8
Budget outlays (actual)	43.3	148.8	192.1	−7.5	184.6
Surplus (+) or deficit (−) (actual)	+8.7	−5.5	+3.2		+3.2
Surplus (+) or deficit (−) (all 3 years estimated, foregoing basis)	+27.5	−28.5	−1.0		−1.0

FISCAL 1971 OUTLOOK—THE DARK AND THREATENING CLOUDS

Mr. Speaker, the very tentative official executive branch projections of May 19 reflect a unified budget deficit for fiscal 1971 of $1.3 billion and a Federal funds deficit of $10 billion. Depending significantly but not entirely on what Congress does or does not do (actions or inactions) to the various pending budget revenue and expenditure proposals, the unified budget deficit could go to $10 billion and the Federal funds deficit to the range of $20 billion.

In any event, as the Director of the Office of Management and Budget told a congressional committee on July 20:

The outlook for the current year—1971—is clouded with uncertainty and for the most part the clouds are dark and threatening.

THE EXECUTIVE BRANCH RELEASE

Mr. Speaker, the official executive branch release on preliminary budget results for fiscal 1970 follows:

JULY 28, 1970.

JOINT STATEMENT OF DAVID M. KENNEDY, SECRETARY OF THE TREASURY, AND GEORGE P. SHULTZ, DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, ON BUDGET RESULTS FOR FISCAL YEAR 1970

SUMMARY

The June Monthly Statement of Receipts and Expenditures of the United States Government released today provides preliminary budget totals for fiscal year 1970. It shows receipts of $193.8 billion and outlays of $196.8 billion for the fiscal year 1970, which ended on June 30. The budget deficit was $2.9 billion.

Receipts were $2.6 billion below the May 19 estimate and $5.5 billion below the February estimate, reflecting lower than expected levels of individual and corporate tax receipts.

Outlays were $1.4 billion below the May estimate and $1.1 billion below the budget estimate, despite the $1.1 billion retroactive Federal pay increase enacted in April and higher outlays for such uncontrollable items as interest on the public debt and farm price support payments.

The budget deficit of $2.9 billion was $1.1 billion higher than the May estimate, compared to the projected surplus of $1.5 billion in the February budget.

RECEIPTS

Budget receipts in the fiscal year 1970 were $5.5 billion less than the February budget estimate. Income tax receipts accounted for all of the shortfall. Receipts from individual income taxes were $1.8 billion below the estimate and corporation receipts were $4.2 billion below the estimate.

Approximately $450 million of the lower individual income taxes resulted from higher than expected refunds. The bulk of the remaining $1.4 billion shortfall represented payments of final taxes on calendar year 1969 liabilities and declaration payments on 1970 incomes that were substantially below the amounts estimated, largely reflecting lower than expected capital gains.

Larger than expected refunds accounted for about $300 million of the $4.2 billion decline of corporate tax receipts from the budget estimate. The remaining $3.9 billion reflected shortfalls in final payments of 1969 liabilities and declaration payments of 1970 liabilities that were below the amounts estimated earlier.

Social insurance taxes and contributions were almost $500 million more than estimated in the February budget, while excise taxes were $229 million below the budget estimate. Estate and gift taxes and customs duties exceeded the budget estimates by $120 million and $170 million, respectively. Miscellaneous receipts were $94 million below the budget estimate.

OUTLAYS

Total outlays in fiscal year 1970 were $196.8 billion, $1.1 billion lower than the February budget estimate. This change was the net result of a number of increases and decreases.

The principal increases:

The Federal comparability pay raise added an estimated $1.1 billion to fiscal 1970 budget outlays. This was the only factor accounting for the increase in outlays over the budget estimate for the military functions of the Department of Defense. A complete report of the effect of this pay raise on appropriations is due to be made to the Congress by October 15, 1970.

Payments of interest on the public debt were $457 million over the budget estimate largely because interest rates were higher than expected. Also, borrowing ran higher in order to finance the unanticipated deficit.

The Post Office increase of $267 million over the budget estimate was due to the postal pay raise and to inaction by the Congress on the proposed postal rate increase.

Department of Agriculture Commodity Credit Corporation net outlays were $251 million over the budget estimate because of increases in farm price support payments.

Outlays for the military assistance programs exceeded the budget estimate by $236 million principally due to lower than projected receipts paid into the foreign military sales trust fund.

Higher than anticipated unemployment in the second half of the fiscal year was primarily responsible for the $127 million increase in outlays over the budget estimate for the Department of Labor.

The principal decreases:

Net outlays of the Export-Import Bank of the United States were $381 million below the budget estimate due primarily to lower than anticipated levels of loan disbursements under the Bank's regular and discount loan programs.

Department of Health, Education and Welfare outlays were $321 million under the budget estimate as a result of lower than expected spending in the Medicare program.

General program underruns were responsible for the Department of Transportation spending $254 million less than the budget estimate.

Department of Housing and Urban Development outlays were $173 million below the budget estimate due to slower than projected spendout in the Model Cities program.

Outlays of the National Aeronautics and Space Administration were $137 million lower than the budget estimate, reflecting program deletions and a rephrasing of program effort.

Net outlays of the Department of Agriculture, excluding the Commodity Corporation, were $132 million lower than estimated, mainly because of higher than expected asset sales by the Farmers Home Administration and a general underrun in the Rural Electrification Administration, partially offset by lower receipts of the Forest Service.

Department of Justice outlays were $106 million below the budget estimate caused primarily by delays in awarding Law Enforcement Assistance grants and slow implementation of these grants at the State and local level.

FEDERAL FINANCES, FISCAL YEAR 1970

[In billions of dollars]

Description	Budget estimate	Actual	Change from budget estimate
Budget receipts, expenditures, and lending:			
Expenditure account:			
Receipts	199.4	193.8	−5.5
Expenditures	195.0	195.0	(1)
Expenditure surplus (+) or deficit (−)	+4.4	−1.1	−5.5
Loan account: Net lending	2.9	1.8	−1.1
Total budget:			
Receipts	199.4	193.8	−5.5
Outlays	197.9	196.8	−1.1
Budget surplus (+) or deficit (−)	+1.5	−2.9	−4.4
Means of financing:			
Borrowing from the public	−1.0	5.4	+6.4
Reduction of cash and monetary assets, increase (−)		−1.5	−1.5
Other means	−.5	−1.0	−.5
Total budget financing	−1.5	2.9	+4.4

[1] Less than $50,000,000.

Note: Detail will not necessarily add to totals because of rounding.

BUDGET RECEIPTS AND OUTLAYS

[Fiscal years—Dollars in millions]

Description	1969 actual	1970 Budget estimate	1970 Actual	1970 Change from budget estimate
RECEIPTS BY SOURCE				
Individual income taxes	87,249	92,200	90,371	−1,829
Corporation income taxes	36,678	37,000	32,829	−4,171
Social insurance taxes and contributions:				
Employment taxes and contributions	34,236	38,914	39,132	218
Unemployment insurance	3,328	3,340	3,465	125
Contributions for other insurance and retirement	2,353	2,551	2,699	149

BUDGET RECEIPTS AND OUTLAYS—Continued

[Fiscal years—Dollars in millions]

Description	1969 actual	1970 Budget estimate	1970 Actual	1970 Change from budget estimate
RECEIPTS BY SOURCE—Continued				
Excise taxes	15,222	15,940	15,711	−229
Estate and gift taxes	3,491	3,500	3,620	120
Customs	2,319	2,260	2,430	170
Miscellaneous	2,916	3,681	3,587	−94
Total receipts	187,792	199,386	193,844	−5,542
OUTLAYS BY MAJOR AGENCY				
Legislative branch and the judiciary	386	466	468	2
Executive Office of the President	31	39	36	−3
Funds appropriated to the President:				
Appalachian regional development programs	164	255	193	−62
International financial institutions	121	256	224	−32
Military assistance	789	495	731	236
Economic assistance	1,781	1,700	1,606	−94
Office of Economic Opportunity	1,813	1,841	1,801	−40
Other	300	272	222	−50
Agriculture:				
Commodity Credit Corporation	5,159	4,617	4,869	251
Other	3,171	3,790	3,659	−132
Commerce	854	1,078	1,027	−51
Defense:				
Military	77,877	76,505	77,100	595
Civil	1,268	1,270	1,210	−60
Health, Education, and Welfare	46,594	52,670	52,350	−321
Housing and Urban Development	1,529	2,776	2,603	−173
Interior	837	1,164	1,119	−46
Justice	515	743	637	−106
Labor	3,475	4,232	4,358	127
Post Office	920	1,247	1,514	267
State	437	447	447	(1)
Transportation	5,970	6,673	6,418	−254
Treasury:				
Interest on the public debt	16,588	18,800	19,257	457
Other	336	307	234	−73
Atomic Energy Commission	2,450	2,461	2,453	−8
General Services Administration	425	454	458	4
National Aeronautics and Space Administration	4,247	3,886	3,749	−137
Veterans' Administration	7,669	8,657	8,653	−4
Civil Service Commission	1,682	2,773	2,647	−86
Export-Import Bank of the United States	246	600	219	−381
Railroad Retirement Board	1,491	1,677	1,600	−77
Small Business Administration	110	273	253	−20
U.S. Information Agency	183	197	197	1
Other independent agencies	258	918	819	−99
Allowances, undistributed		475		−475
Undistributed intrabudgetary transactions:				
Federal employer contributions to retirement funds	−2,018	−2,307	−2,443	−136
Interest credited to certain Government accounts	−3,099	−3,781	−3,934	−153
Total outlays	184,556	197,885	196,752	−1,133
Budget surplus (+) or deficit (−)	+3,236	+1,501	−2,908	−4,409

A QUESTION FOR THE COURT: HOW SOON IS POSSIBLE?

HON. JACK EDWARDS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. EDWARDS of Alabama. Mr. Speaker, the following article by James J. Kilpatrick, appearing in the Evening Star on July 30, 1970, and entitled "A Question for the Court: How Soon Is Possible?" is so correct and so well written that I can think of only one comment, and that comment can be said in one word: "Amen."

I insert the article in the RECORD at this point:

A QUESTION FOR THE COURT: HOW SOON IS POSSIBLE?

(By James J. Kilpatrick)

Back in March, Chief Justice Warren Burger filed an unhappy memorandum in the Memphis school desegregation case. His colleagues had summarily reversed the 6th Circuit, and then had ordered the district judge to get on with his job of promptly decreeing a "unitary" system.

Burger wanted to hear arguments in the case. So did Justice Potter Stewart. But Justice Thurgood Marshall was then in the hospital with pneumonia. Justice Harry A. Blackmun had not been confirmed. The Court was limping along with seven members, and it seemed no time to tackle the whole knotty problem of school segregation again.

But Burger didn't like it. "As soon as possible," he said, the court ought to resolve the "basic, practical problems" of desegregation decrees.

It is time to ask the chief justice and his colleagues, bluntly but with no disrespect: How soon is possible?

The high court adjourned on June 29 for a vacation of more than three months. Granted, this is not pure holiday. Members of the court do some loafing, of course, as other men do, but they also work on petitions for appeal and spend hours in research and reading. Nevertheless, the effective work of the court—the hearing and deciding of cases—has ground to a halt, not to be resumed until October.

Meanwhile, in the schools, chaos. Burger himself may believe that "the suggestion that the court has not defined a unitary school system is not supportable." Bosh! He would be hard put to find two federal judges in the country who agree on the term. The court also has demanded that school systems must be "nonracial." But from Norfolk to Los Angeles, trial courts—often reluctantly—are applying racial criteria.

The court has further demanded that all traces of discrimination be eliminated "root and branch." It is a fine phrase, but who knows what it means? As Virginia's District Judge Walter Hoffman recently made clear all but five of the 50 states have some "roots" of racial discrimination in their law. In such states as Indiana, these roots manifestly have contributed to the location of existing school buildings. The black pupils of Gary are far more segregated than the black pupils of Norfolk or Richmond.

Yet such is the confusion in this field of the law that Gary's segregation is regarded as "de facto," and thus to be accepted, while Virginia's lesser segregation is residually "de jure," and hence to be condemned. Both Norfolk and Richmond face Draconian orders to destroy their neighborhood schools through the madness of compulsory busing. Gary is immune.

Such a dual standard of justice, as Virginia's Senator William B. Spong remarked the other day is morally and constitutionally indefensible. Whatever the Constitution requires of our public schools—and no one knows, for the Supreme Court offers little but ringing gibberish—the Constitution presumably requires the same thing of all states.

Is gibberish too strong a word? Consider. The court's definition of a unitary school system is one "within which no person is to be effectively excluded from any school because of race or color." All clear? Yet in Norfolk alone, 16,000 pupils would be effectively excluded from the schools they normally would attend because of their race or color.

The court has insisted there be no black schools and no white schools, but "just schools." Great. What are "just schools"? Why, says the court, they are schools in which race is not a factor. But race has become the sole factor in recent lower court decrees.

This intolerable mess was created by the Supreme Court. It can be resolved only by the Supreme Court. Marshall has now recovered. Blackmun is seated. If Burger will roust his idle brothers out of their hammocks, any one of a dozen pending cases could be swiftly scheduled for argument at a special sitting of the court. It seems little enough to ask of nine men who collectively are paid $542,500 a year to function as the highest tribunal in the land.

SERGEANT SMITHSON AWARDED BRONZE STAR

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. LONG of Maryland. Mr. Speaker, Sfc. James E. Smithson, operations sergeant in the Department of Bio Sensor Research at Edgewood Arsenal, has been awarded the Bronze Star Medal for meritorious achievement in ground operations against hostile forces in Vietnam. I should like to commend this fine man by including the following article in the RECORD:

SFC. SMITHSON AWARDED BRONZE STAR FOR OPERATIONS IN VIETNAM

Sergeant First Class James E. Smithson, operations sergeant in the Department of Bio Sensor Research at Edgewood Arsenal, has been awarded the Bronze Star Medal for meritorious achievement in ground operations against hostile forces in the Republic of Vietnam.

A veteran of over 16 years service in the Army, Sergeant Smithson is a native of New

Brunswick, N.J. He is a graduate of Sarasota High School, Class of '52, Sarasota, Fla., and entered the Army in February 1954.

In addition to tours of duty in Vietnam and Edgewood Arsenal, he has served overseas in Korea, Germany, Hawaii and Panama.

Sergeant Smithson's decorations and awards, in addition to the Bronze Star Medal, include the National Defense Service Medal; United Nations Medal; Korean Service Medal, Vietnam Campaign Medal; Vietnam Service Medal and the Good Conduct Medal with five Oak Leaf Clusters.

He is married to the former Mary P. Poole whose mother, Mrs. Alfred Poole, lives at 105 N. Anoka, Avon Park, Fla., Sergeant and Mrs. Smithson are the parents of four children. The family resides locally on Hawthorne Dr., Edgewood, Maryland.

MAJORITY OF AMERICANS APPROVE THE PRESIDENT'S ACTION OF SENDING TROOPS INTO CAMBODIA

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BURKE of Florida. Mr. Speaker, I am amazed at the unusual silence of the vocal minority who so verily criticized President Nixon when he announced his intentions to send American troops into Cambodia to clean out the Communist bases. Now that the President has kept his word and removed our American forces from Cambodia, perhaps they recognize their myopia and hysteria as being foolish—just as foolish as it has been for us over the years to leave the enemy free to attack our troops in Vietnam by attacking our flanks from their sanctuaries.

Now that the hysteria is over and our troops have been removed, the polls show that the majority of the American people approve President Nixon's action of sending troops into Cambodia in order to gain time, and in the long run having saved many lives of our fighting men in Vietnam. How sad it is that the protesters that became so embroiled in hysterical agony and who talked so much about it, now remain so silent. It is obvious that they in their silence are now the silent minority as distinguished from the silent majority who applaud the action of the President taken against the enemy sanctuaries in Cambodia.

I have always felt that those in the know are those who are there. Such a person is David Badger, the son of Mr. and Mrs. Donald Badger who reside in Fort Lauderdale, Fla., which is in my congressional district. Sp4c. David A. Badger is with the signal support agency in the U.S. Army in Vietnam. David A. Badger entered the Army on May 19, 1969. He is like all the other young men serving in the armed services and is not immune from participating in the customary Army gripes, nor is he a man of iron by his own admission. He admits that he does not have a military mind, but he states that he has a fairminded view of the whys and wherefores of Vietnam. Recently he wrote to his parents, and they in turn forwarded his letter written in Vietnam to them. Here are some excerpts from this letter:

I wish there were some way that I could reach every one of those persons who have protested violently about Nixon's Cambodian policy. Especially parents who have sons in Vietnam. Don't these people realize the danger over here, the constant everynight attacks that are made on almost every allied base? Saigon is hit at least once a week, however, they hit the city, not Tan Son Nhut. Last week the Bachelor's Officer's Quarters' was hit by a satchel charge. A sergeant received the purple heart in our last awards ceremony for wounds received when a rocket slammed into the Bachelor Enlisted Quarters'. Both of these buildings are in Saigon, within a mile of Tan Son Nhut. There are Viet Cong located around Saigon every night and that is not considering the huge numbers of them actually within the city. What I am saying is that with the supplies coming from Cambodia the VC and NVA can continue the harassment that has plagued the allied cause for so long, taking lives and inflicting injuries. It is so simple to hit them where their supplies are, to cut off the much needed lines of delivery, to separate the man from his weapon. But the public, the ignorant community, the man that is not only foolish, but deaf to such open facts, refuses to understand. President Nixon is a brave unselfish speaker for the Patriotic persons such as construction workers (I admire them) who are holding the United States together under the pressure of all those who would have it fall in the name of peace. We'll never have peace, but if those who want it so bad would let our chosen leaders run the country without causing internal strife to further problems, I'm sure we could come much closer to our goal. And I'll guarantee that 90% of the GI's over here would agree with me in backing Nixon's ideas, except possibly the deadline he has set for pulling out of Cambodia. I imagine they would want it extended until every nest the communists have built is eradicated. It just makes me so sick to think that ten years from now, eight years after the U.S. had pulled out of Vietnam, we may have to come back and start all over.

We have shackled the President by not allowing him to finish the job quickly. We tell him what we want, then cut off every means of doing it. We have put him up against a wall that we created ourselves and then bitch because he's not doing anything. Our Democratic process is going to be our downfall because we're not responsible enough to handle it.

I will tell you the exact truth about something very astonishing. Several more times than you would dare guess, I have heard a statement. The statement would really knock quite a few protesters and foolish parents off their feet. Many, many soldiers have questioned returning to the United States, the country they have militarily serviced for 2 or 3 years. And, why you ask . . .why? I've got a question for you. Why return? So we can see a country crumbling before our eyes? So we can watch slave-to-money persons destroying our environment, polluting resources, wasting what we watched others die for? So we can stare at closed college doors and the remains of burned-out dormitories? So we can watch as someone destroys property in the hopes of having his way? So we can watch lives snuffed out in the name of peace? I don't think that's very inviting myself. After a year or two of fighting, the last thing you want to see is more of the same. I agree that hopefully, it's not really as bad as the papers, radio, and TV make it out to be. But why all the foolishness in the first place. Two words: *sheer ignorance*. Ignorance of the truth. All we have to do is wait and see who will destroy us first: our enemy of the exterior of our enemy of the interior. Either way we will cause it ourselves. Each one who stood idly by and watched as America slowly drained itself of all that was good. Twenty years ago we were so strong that no one dared look at us cross-eyed. Now they stone our embassy buildings. Where did we go wrong? I don't know I wasn't around then. You were. . . .

May I recommend one thing to all Americans. Do you remember Patrick Henry, the fellow who did "Give me liberty or give me death"? That is the statement that made history. But there was a lot more that came before it. Particularly the three or four sentences preceding that last line. The one I am thinking of begins with "At what price, peace" or something to that effect. Check it out. I believe I read that out of your encyclopedia. It is well worth reading, especially now. Our country is supposedly based on men like Henry and their desires. If what the history books wrote are correct, then I doubt it very much because nowadays we aren't even near it.

Love,

DAVE.

SOME ESSENTIAL FACTORS INVOLVED IN NEGOTIATING WITH THE COMMUNISTS

HON. JOHN G. SCHMITZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. SCHMITZ. Mr. Speaker, an excellent book by Adm. C. Turner Joy on negotiating with the Communists has recently been republished. Admiral Joy negotiated with the North Korean and Chinese Communists for 10 months attempting to bring about an armistice in Korea. It would seem appropriate at this time to keep in mind the following statement from his book which sets forth some of the essential factors involved in negotiating with the Communists:

Debating with the Communists is not as simple as starting from a valid premise and proceeding by cogent logic to a sound conclusion. The Communist way is to start from a false or irrelevant premise and proceed by invective and bombast to a shameless demand described as a "just and reasonable proposal." The relation between premise and conclusion is seldom clear and the road between the two is travelled with untroubled lack of logic. History is rewritten to support the claim of the moment and most claims are uncomplicated by moral considerations. The end is the mother of the means. Proof is by assertion, and rebuttal is by vilification. Repetition is the alchemy by which fiction becomes fact and fact becomes fiction. The mahinery of debate is used to destroy the purpose of debate, just as democratic institutions are used by the Communists to destroy democracy. While you can expect to accomplish very little positive good through debate you can be certain of unlimited opportunity to foul your own anchor, to become buried under your own patience or to become impaled on your lack of it. Patience and logic are essential, but they can never be decisive. In the end, might is essential to right, not because you or I would have it that way, but because unless we have armed might and unless we are willing to use that armed might in dealing with the Communists, we cannot win our point and, in fact, we may not survive to argue our point.

BRYAN H. JACQUES RETIRES AS STAFF DIRECTOR OF HOUSE SMALL BUSINESS COMMITTEE—HOWARD GREENBERG APPOINTED DIRECTOR

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. EVINS of Tennessee. Mr. Speaker, it is with great regret that I must announce that my friend and long time associate, Bryan H. Jacques, is retiring as staff director of the House Select Committee on Small Business.

My association with Bryan goes back many years to our close association in the executive branch of the Government. Over the years I have watched with a great sense of satisfaction his progress in the Federal service as he moved up the ladder to greater and greater responsibility and success.

In his service as staff director of the Small Business Committee, he has been vitally concerned with, and a strong advocate for the Nation's small businessmen. He has served our committee and the Congress ably and well.

Bryan Jacques enters a well-deserved retirement with the best wishes of all of the Members who have served on this committee and with our fervent hope that he will enjoy many years of good health and happiness.

Mr. Jacques is being succeeded by Mr. Howard Greenberg, an outstanding executive in Government career service, and in this connection I place in the RECORD a press release announcing the retirement of Mr. Jacques and the appointment of Mr. Greenberg.

The press release follows:

HOUSE SMALL BUSINESS COMMITTEE EXECUTIVE DIRECTOR BRYAN H. JACQUES RETIRES—HOWARD GREENBERG APPOINTED AS DIRECTOR

Bryan H. Jacques, Staff Director of the House Select Committee on Small Business, has retired after many years of outstanding public service, Representative Joe L. Evins (D.-Tenn.), Chairman, announced today.

Evins also announced the appointment of Howard Greenberg to succeed Mr. Jacques as Staff Director. Greenberg formerly served as Deputy Administrator of the Small Business Administration and later as Staff Director of the Small Business Committee's Subcommittee on Foundations.

"It is with regret that I announce the retirement of my associate of many years, Bryan Jacques, who is retiring on account of disability," Chairman Evins said. "He has been an outstanding staff director and has rendered great service to the Members of the Committee, the Congress and the Nation's 5 million small businessmen."

Mr. Jacques is a graduate of the University of Kansas and the University of Chicago School of Law. He served as counsel with the Federal Trade Commission and when appointed staff director of the House Small Business Committee was serving as Director of the Bureau of Industry Guidance at the FTC.

"The Committee is fortunate to have Mr. Howard Greenberg, an experienced executive in the Government career service, to assume the responsibilities of Staff Director," Chairman Evins said.

Mr. Greenberg, a native of New York City, is a graduate of Benjamin Franklin University, Washington, and entered Government service in 1935 with the Department of the Interior. He held financial and management positions in various Federal agencies, including the General Services Administration, where he last served as Commissioner of the Utilization and Disposal Service relating to disposal of excess and surplus Government properties. He transferred from GSA to SBA in 1966 to become Associate Administrator for Investment of the SBA. In 1967 he was appointed Deputy Administrator of SBA, and since 1969 has served with the House Small Business Committee.

HORTON CONGRATULATES WAYNE COUNTY SENIORS ON THEIR PERCEPTION OF TODAY'S WORLD

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. HORTON. Mr. Speaker, I find it a rewarding experience to share with some of today's young students their innermost thoughts and ideals. As I read the timely statements from them, I have constantly renewed faith in their ability to handle the problems their generation will inherit.

Such is my reaction to the reading of some recent speeches delivered by high school students at their graduation exercises.

Representatives of the graduating class at the Clyde High School in Wayne County, N.Y., were invited to deliver talks on the subject of "People." Diane Dercola, John Delisio, Judy Rotach, Elaine Rogers, Odessa Leisenring and Gregory Dennis responded with such splendid and inspiring results that their speeches, or excerpts were printed in the Lake Shore News.

Each graduate, naturally, approached the subject from a different standpoint. Each recorded his or her thoughts in such a manner that the views on "People" are as varied as the meaning of the word itself.

As the Representative in the U.S. Congress from the district in which they live, I take great pride in saluting these young people and thanking them for giving us the opportunity of knowing them and their generation a lot better.

May I now share with my colleagues some of the things the Clyde seniors are saying:

AND SAYING

(Editor's Note.—The following are the speeches or excerpts of the speeches given by some of the students at the Clyde High School graduation exercises Sunday. The theme of the addresses was the theme of the exercises—"People.")

DIANE DERCOLA

We, my generation, are the people and leaders of tomorrow. We are the people you have brought up in an affluent society and offered the greatest opportunities for education. And because we are educated, we can't ignore the gap between the ideals of social justice (the ideals which you yourselves have taught us) and the many examples of injustice which exist in reality. And so to those of you who fear for us, we say to you that our goals are not so very different from yours; we too want a better life but better in the sense that everyone who has need from other people will receive it.

The majority of us believe that violence will get us nowhere; violence in fact, distresses us—that's what the newspapers print about us—that's why people have projected such a doubtful outlook for us.

This is what we want to straighten out; we want to make this world a better place, but not by rioting and destroying. We want to make this world a better place by expressing care and concern over the injustices of society. We want to answer the need of all people; then, everyone will be part of the luckiest people in the world.

Give us the chance.

JOHN DELISIO

Man is a gregarious animal; he was made to live in a community of other human beings, not by himself. This means that he must develop relations with his neighbors, not just that person who lives next to him or the people that he sees everyday, but everybody. I feel that the key to a successful relationship is tolerance. We cannot like or agree with everybody in the world, but for the happiest and most peaceful existence we must be tolerant and recognize the human rights of each individual on the face of the earth.

Tolerance could solve so many problems in the world, both big and little. The greatest cause of tension among all people today has to be due to the friction among the nations of the world. . . Try to imagine how much easier it would be to sleep nights if each country would tolerate the philosophies, political ideologies and doctrines of every other country and allow them to exist without any threat to their security.

Another source of tension today is failure to tolerate another person because of his color or convictions. We may feel contempt for a person but we still have no cause to abridge his rights by rioting, destroying his property, denying him an education or his right to express his views. We must be willing to show understanding so that we may achieve a peaceful coexistence.

In the words of George Bernard Shaw: "Though all society is founded on intolerance, all improvement is founded on tolerance."

JUDY ROTACH

Yes, our people have much to be thankful for.

We have the freedom of speech, yet this does not mean that one can abuse it.

The American people are granted the freedom of religion—to worship or not to worship as they please. It seems only right that people should have respect for what others believe although they may not agree.

The right to assemble and petition is one of our most important freedoms today. Through this freedom we are able to make the people holding government office respond to our wishes.

How much closer our nation's people would be if all people had a hand outstretched, willing to help their fellowman. How much safer our nation's people would feel if everyone respected the rights and freedoms of others. Intelligent people have taken the first step by granting themselves the few freedoms I have mentioned . . . All these are but offshoots of man's most precious freedom and power—free-will and reason. Let us as a community, a nation, a world made up of concerned individuals advance forward toward peace and understanding by respecting other freedoms and making use of our own.

ELAINE ROGERS

White collar, blue collar, and laborers; white man, black man, redman, and yellow; upper class, middle class, lower class, and poverty-stricken; this is the peril of man: he has classified himself by his race and by his materialistic achievements.

Underneath these titles, colored wrappers, and price tags are pulsating bodies. They all are of one race, PEOPLE.

Maybe not all the bodies are energetic. Maybe not all the heads are brilliant. Maybe not all the hands are gifted, but all the souls are based on love. They are just covered by the shadows of wrappers and tags.

The following poem written by one of my classmates seems to fit this theme well:

Two arms, two ears, two eyes;
Versatile may they be,
They have one heart, one soul,
They are people, you and me.
Different as night and day,
In thought, desire, and goal,
But all in need of love;
All people of one soul.

ODESSA LEISENRING

People are creations of God capable of many emotions. But the greatest emotion bestowed upon man is his ability to love. Love is an abstract word, undefinable, and only partially understood by those who think they possess it.

The kind of love God wants for his people here on earth is a love without prejudice against a fellow man; a love which is honest and does not hide behind cheap lies.

If the kind of love that God intended for his people on earth existed, there would be no war in Vietnam, no assassinations of fellow men, no riots in Chicago or Rochester. Yet all these things exist and people claim to have love—love for their fellow man.

It is my opinion that the kind of love that God wants for us does not yet exist. I pray that someday it will.

GREGORY DENNIS

. . . why is it that so many people put up all kinds of walls between themselves and others, even those who care about them, when they have all kinds of ways to communicate with others and when that communication gives one all the more reason to be alive? Why is it that people (rightly) sympathize with the death of a neighbor they didn't really know, yet fail to realize and feel the agony of dying soldiers on both sides of a senseless war in a small Asian country, or the more painful death-in-life of those in our own city ghettos and rural shanties?

. . . how is it that some people could say that they stand for everything this country stands for, yet in the very same breath denounce those who exercise the right to peaceful dissent that the Constitution of this country guarantees them?

How can people live without regard to the natural surroundings that are so much a part of God's earth? How can we pollute our planet and overpopulate it, beyond all tolerable limits when we know such a policy is suicidal?

Finally, how can people so readily give up their identity as unique individuals, as a being who exists only once, how can they give this up to become simply a part of the faceless and shallow crowd?

Within everyone, there lies tremendous potential for patience, love, tolerance, of so many good things. The realization of that potential and the answers to the questions I've asked are elusive—difficult to find. But that realization and those answers can be found. They lie within each one of us.

Appearing in the same edition of the Lake Shore News, were two other speeches of Wayne County High School seniors. Each is a valedictory address and while there was no subject assigned, such as "People," it almost goes without saying that these two graduates also spoke about people, past, present, and future.

The North Rose valedictorian, Kathleen Tellier, titled her address "The Far Horizon."

The valedictorian from Leavenworth, Marvin Kim Decker, called his "Hope for Our World." I am doubly proud of Kim Decker because he is one of my appointees to the U.S. Military Academy at West Point.

These young people, also, stand as an inspiration to us all. Their solemn thoughts and approaches to their subjects should come through clearly as an indication that high school seniors of 1970 are well prepared to take their places in today's adult world.

I would like to share these two valedictory addresses now with my colleagues in the Congress:

HOPE FOR OUR WORLD

(By Marvin Kim Decker)

Many people in the world today can see only poverty, ignorance, fear and hatred. These people are prone to give in to despair and say that times are so bad now, they will never get better. This is characteristic of man's history. There have been many times when people were in despair and something happened or someone came along to give them hope.

One of these times was about thirty centuries ago. The Hebrew people were the slaves of the Egyptians and were forced to live and work like animals. They were beaten or killed at the wishes of their Egyptian masters. These people, broken by years of mistreatment, carried no interest in tomorrow and labored only from day to day. Moses, a Hebrew raised as an Egyptian nobleman, responded to their plight and brought hope out of despair, courage out of submissiveness and led them to new life and freedom from Egyptian tyranny in the promised land. Moses gave them hope, and they began to plan to make their future a worthwhile one.

Another example of this was in the fourteenth century. During this time, the life of most Europeans was hard. Making a living was difficult, and many were persecuted for their political and religious beliefs. Oppressive governments levied heavy taxes and chances for a better life were almost nonexistant. Then, late in the fifteenth century, Christopher Columbus discovered the Americas, and a new world was open to Europe. A chance for freedom and a new life became the hope of these Europeans. From this hope they gained the strength needed to risk the dangerous voyage to the new world. Courage to overcome physical hardships was born when man thought toward his own freedom and improvement. Once again when desolation seemed predominant—mankind turned toward better times in a new "promised land."

A third time that man took hope was when he began to conquer disease. Smallpox had been one of the most dreaded diseases, causing misery and death to many people in epidemics. Someone observed in the seventeenth century that milk maids who had contracted cowpox had developed an immunity to smallpox. In 1796, Edward Jenner, an English physician, proved that the disease could be prevented. He inoculated a boy with cowpox germs. After the boy recovered from cowpox, he inoculated him with smallpox germs. No disease developed. The results of this experiment led to the acceptance of vaccination and has eliminated smallpox as a dreaded epidemic. The hopelessness brought about by this disease is no longer felt by man. So it has been with other medical discoveries.

During the twentieth century, scientific research has brought about a multitude of improvements and achievements. Man can control heat, cold, maintain life above the earth's atmosphere and beneath the oceans. Man has walked on the moon, he has developed complex systems of defense and is able to support more people with a given amount of land and materials than ever before.

There are still problems in today's world. These problems are not unique or new, but have persisted throughout history. Poverty, ignorance, fear and hatred are among them. Today, more than ever before, man is aware of these problems and is trying to correct them. This is a sign that there is hope for our world. When we, the members of the Class of 1970, leave this school tonight, we will begin to take a more active part in our country and our world. We must all remember to always have hope and not give in to despair. For today when man is more aware of his problems and has made so many great achievements, there is no greater reason to hope or less cause for despair.

THE FAR HORIZON

(By Kathleen Teller)

Man and nature is the basic fundamental fact of history. The relationship is mutual and necessary. Without man, nature has no recorded history. The lower forms of life exerted no important influence on the natural environment, and the story of that interrelationship is not a part of the record of the human past. Until the birth of man it is possible and probable that the natural environment remained relatively stable. At least changes before man's advent are either not known to us, or they have not been considered important. The concern should be, after all, with the ways in which historic man has been able to transform his environment.

Always in the past it was out there—something beyond the far horizon—the wild country, the frontier. When a man felt he had taken enough crushes from civilized life and enough pressures from society, he could pack up his gear and go; hop a freighter, get a horse, lose his identity and just go. And so they pushed west and reached the Pacific. Where they went, some settled. Where they settled, they built. For a long time there were just a few, and the wild country stretched beyond the horizon. Then things began to change in the old homelands. Machines began to do the heavy work; tractors and bulldozers once more changed the face of the land. With this came more people; people ambitious to clear more land, to build more and more beautiful towns and cities, to spread their new-found technology. And people trying to escape the hectic, hurried life that was being created.

There are a few people still alive who were born a century ago and have lived through all the changes. They can scarcely have been aware of what was happening or its significance, for no man can see the whole picture and memories fade . . . Still, they have lived through the most dramatic century in the history of man.

Today we look to our last horizon. Beyond it there is still a bid that is untamed, a few places that are different. There's not much room left for a man to disappear, but there is a little. Today he can still go . . .

But what about tomorrow?

GLEN RIDGE CELEBRATES 75TH YEAR

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. RODINO. Mr. Speaker, recently the town of Glen Ridge celebrated its 75th anniversary. Once described as a distinctive residential community and a quiet haven in a turbulent metropolitan area, Glen Ridge has maintained its

charming character in spite of the increasing commercialism and expansion of surrounding communities. First settled in 1666, Glen Ridge became an independent town in 1895.

Since that time, Glen Ridge has remained solely a residential area, as evidenced by the gas lamps, the beautifully tree-lined streets, and the lack of industries and stores. Because Glen Ridge is primarily a small community, its most extensive growth has been in the field of education. Today, over 90 percent of graduating seniors go on to college. Such an outstanding record reflects great achievement and serves as a great example to other areas.

Most of the population commutes to Newark and New York, giving much to surrounding communities and making Glen Ridge an integral part of northern New Jersey.

On this very memorable occasion, I wish to extend my warmest congratulations to the town. May it continue to nurture constructive citizens and to play an influential role in the whole community area as it has throughout its 75-year history.

A SERVICEMAN'S RIGHT TO SUE

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. HUNGATE. Mr. Speaker, as a member of the Subcommittee on Claims of the House Judiciary Committee examples frequently come before us of cases in which citizens have lost rights, simply because they were not aware of them.

Accordingly, I think the following article from Trial magazine, setting forth "A Serviceman's Right to Sue," will be of interest to many who are concerned with the well being of our servicemen and veterans:

A SERVICEMAN'S RIGHT TO SUE

(By Danny R. Jones, Esq.)

NORWALK, CALIF.—A defective rotor flies off a helicopter, a soldier is injured or maimed. What is his first thought when and if he regains his senses?

"The service will take care of everything for me; they will pay me while I am disabled, they will provide for all of my medical, and if I am permanently disabled, they will give me a pension. I can rely on the service to provide good professional legal advice if I need it; thus, I have nothing to worry about."

What the military man often does not realize is that in addition to all his military benefits, he has a wealth of other rights which he may be able to pursue in a lawsuit against a manufacturer of the defective product.[1] If he recovers against the manufacturer and/or distributor of the defective product, he may receive all the damages to which he is entitled in a civilian court plus all his military benefits.

In the military, he may receive a few hundred dollars a month, plus his medical benefits; in a civil case, if he is seriously injured, he may receive a few hundred *thousand* dollars without jeopardizing his military benefits.

Furthermore, the serviceman may be assisting the military in that if he prevails against the manufacturer and/or distributor of the defective product, it is possible that the government may be reimbursed for all the money it paid to the disabled serviceman. This saving in the military budget would certainly not make the taxpayers unhappy.

The courts have gone far in the past few years to protect injured users of defective products. In one case, the purchaser of a rifle went to India to hunt tigers. He lost his only shot at a Bengal tiger when the safety mechanism on the rifle failed and the gun could not be discharged. The California Appellate Court upheld his right to seek recovery for the cost of the safari and traveling expenses which amounted to $6,000, plus $10,000 for loss of honor, prestige and victory involved in killing a Bengal tiger.[2]

If a hunter can recover for not bagging his game, why can't a soldier in action recover if his ammunition fails and the enemy injures or kills him on the field of battle? I strongly urge military men who are injured as a result of defective ammunition, or any other defective product, to consult with their military or private counsel without delay.

I also urge that the military lawyers in such an instance advise the injured, or survivors of the deceased serviceman, to seek private counsel to pursue their rights against the producer.

The case of *Witt v. Chrysler Corporation*[3] imposed $150,000 worth of liability upon the manufacturer of a truck for wrongful death of a passenger when the truck left the road and rolled over. The case was tried and submitted on the theories of negligence and breach of warranty. There was adequate evidence to sustain the jury's finding that the manufacturer negligently failed to warn of a discoverable defect in the rim of one of the truck's front wheels, which allowed air to escape from the tire, thus causing the rollover.

Servicemen use a myriad of dangerous products in the day-to-day performance of their duties and are completely unaware of the extent to which the products may be dangerous in their normal use. Many times a serviceman will receive severe injuries or even die because he was ignorant of the extent of possible danger.

Frequently the manufacturer or distributor has improperly labeled military products so that the serviceman cannot take the appropriate steps for his personal protection. In injury cases, where he did not have sufficient knowledge of the danger to protect himself, the serviceman should, under all circumstances, explore the possibility of recovering from the manufacturer for damages for pain and suffering (which he cannot recover from the government under his serviceman's rights).

There are many products which servicemen frequently use on which recovery has been allowed to injured parties because of inadequate warnings. In one case,[4] a chemical company was held responsible for a water repellant on which there was no warning whatsoever that it had a flash point minus 70 degrees Fahrenheit or lower than that of gasoline. In that case, the injured plaintiff was allowed to recover against the manufacturer as well as another company which allowed its name to be placed on the product. Plaintiff in that case recovered $99,000.

In another case, the driver, while operating a vehicle at night, pressed the dimmer switch to change his lights from low to high beam. The lights went completely out and the driver hit a tree. The dimmer switch was defective and it was held that the driver could recover against the manufacturer for his injuries.[5]

In another case, a workman was injured when struck by a 50-foot crane which fell because a "safety ratchet" failed to operate. The manufacturer's guide to proper lubrication had omitted the "safety ratchet" in the lubrication charts. The Court held that the manufacturer was responsible for the death of the workman.[6]

In still another case, over ten years ago, in which a helicopter pilot was killed in a crash, investigation showed that the crash was caused by a defective rotor. The entire tragedy was directly traceable to the manufacturer of the helicopter. The pilot's widow collected all of her military insurance benefits, the pension benefits for herself and her children and, in addition, recovered $225,000 from the manufacturer of the helicopter. Today, the widow and the children would have even greater rights to recover against the manufacturer.

All servicemen and their survivors know that they cannot usually sue the military or the United States for the injury or death of a serviceman even though the government may be negligent.

What most servicemen do *not* realize is that in the last five years the serviceman's right to sue the supplier of defective products to the military has expanded enormously. I predict that once the serviceman is aware of his rights to collect damages from a defective product supplier, an independent and large area of specialty law will develop.

The first glimmer of light in modern products liability law came through in the case of *Escola* v. *Coca Cola Bottling Co.*[7] The case is extremely significant because the then Associate Justice Roger Traynor first advocated enterprise liability and the imposition of absolute liability upon the makers of defective products. He stated, in a concurring opinion, nearly 20 years prior to the key change in the law:

"I believe the manufacturer's negligence should no longer be singled out as a basis of a plaintiff's right to recover in cases like the present one. In my opinion, it should now be recognized that a manufacturer incurs an absolute liability when an article that he has placed upon the market, knowing that it is to be used without inspection, proves to have a defect which causes injury to human beings."

It was only fitting that later, in *Greenman v. Yuba Power*[8], Justice Traynor's view came to prevail in a unanimous opinion which was the first decision in the country imposing liability upon the manufacturer of a defective product on the basis of strict liability in tort.

Since the *Greenman* case, the theory upon which the serviceman can sue is that of strict liability, more commonly known as products liability. In order to thoroughly understand the present state of the law, it is probably beneficial to trace the history of the development of products liability law.

All lawyers know that the history of products liability dawned in 1916 when the famous Judge (later Justice) Benjamin Cardozo, in the famous case of *McPherson v. Buick Motor Co.*,[9] held, in a suit against the manufacturer of a Buick automobile with a defective wheel, that the manufacturer would be liable to certain people for the negligent manufacturing of the wheel.

Cardozo pronounced, in essence, that when the manufacturer placed the car on the market, the manufacturer assumed the responsibility to the consumer. He further decided that the responsibility is not based upon contract but on the relation arising from the purchase, together with the foreseeability of harm if proper care was not used in the manufacture of the vehicle.

The *McPherson* case fractured the long-standing rule which had been laid down in the old *Winterbottom v. Wright* case.[10] In that case, the driver was injured by a de-

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Footnotes at end of article.

fective stagecoach. The Court there held that the manufacturer *was not liable, even for negligence*, to remote users or consumers of his defective products if there was no *privity of contract between the manufacturer and the consumer*.

As a practical matter, the only person who could recover for a defective product against the manufacturer was the person who purchased the product directly from the manufacturer—which usually was the distributor, who never actually used the product himself. Thus, the law created a sterile and impotent rule that did no good for anyone except to protect the manufacturer who produced the negligently and defectively manufactured products.

Judge Cardozo's decision in the *McPherson* case did take some of the impotency out of the old *Winterbottom* case but not enough to rejuvenate the law. At this stage of the game, the serviceman was still a long way from effectively collecting damages for his injuries from defective products.

About 15 years later, the New York Court case of *Smith* v. *Peerless Glass Co.*,[11] held that not only was the manufacturer of the automobile liable but the manufacturer of the component parts which went into the automobile may also be liable.[12]

After the *Smith* case, there were whole series of cases which inconsistently allowed consumers to recover for the manufacturer's defective products, but only upon limited grounds. Generally, it was necessary for the manufacturer to be *negligent* in the manufacture and/or design of his product and it was imperative for there to be some inherent latent or patent danger in the product. It also was necessary for there to be some privity or direct connection between the consumer and the manufacturer.

So it was fairly well settled, 30 or 40 years ago, that the serviceman could sue a negligent manufacturer or designer of an inherently dangerous product.

The serviceman was faced, however, with an almost impossible situation. First, he had to retain attorneys who had to hire competent experts to testify that the product was negligently manufactured or designed. The fact that the product was defective was not in itself sufficient. The lawyer was at a tremendous disadvantage since he was dealing in an intricate field with highly specialized experts, most of whom worked for the manufacturers and most of whom had knowledge superior to that of any expert the serviceman's lawyer could obtain. Therefore, as a practical matter, only in the most obvious cases could the most competent and well-equipped counsel recover money damages for the serviceman.

The principle of res ipsa loquitur is sometimes applied in products cases, but before the doctrine will normally be applied, it must be shown that some particular defect probably was present at the time the manufacturer relinquished control of the product and that the defect ordinarily would not have been present in the absence of negligence.[13]

The inability to establish the defect at the time the product was sold usually leaves the doctrine of res ipsa loquitur useless in such cases as exploding water heaters, tire blowouts, and brake failures, since these problems may have occurred by reason of use, installation, maintenance or repair. Lapse of time, too, is a factor in attempting to rely on the doctrine.

It is usually not advisable to rely on the principle of res ipsa loquitur in products liability cases.

Another way to prove negligence on the part of the manufacturer is to show that he violated some statute or regulation.[14]

Even though a distributor does not manufacture a product, if he nonetheless places his name on the product, he incurs the same liability as if he were the manufacturer by having attested to the product's quality.[15]

The problems incident to bringing an action against the manufacturer based upon the theory of negligence are numerous. Not only does counsel encounter the problems of proof of negligence, as described above, he also encounters the pitfall of contributory negligence. It is therefore suggested that when counsel brings an action for a defective product, a count for negligent design be included in the complaint only where he feels strongly that he has proof of, and the ability to prove, the negligence of the manufacturer and also when he is confident that his client is free from contributory negligence.

Still another theory upon which the injured serviceman may bring his lawsuit is that of warranty. A warranty is a representation, either express or implied, having reference to the character or quality of the article sold. It may be an express warranty or an implied warranty.

An express warranty is a specific assertion of a fact or promise by the seller which relates to the quality of the goods. It is designed to induce the buyer to purchase the goods. This warranty may rise in several ways, such as advertising, sales literature, products labeling, or even through oral statements.

An implied warranty, on the other hand, falls into two categories: there is an implied warranty for fitness and an implied warranty for merchantability. In most instances, implied warranties are governed by statute and by operation of law even though no representations are made by the manufacturer. When a buyer makes known to the seller the purpose for which the buyer desires to use the goods, there is an implied warranty that the goods sold to the consumer are reasonably fit for the use intended.

On the other hand, a warranty of merchantability means, in essence, that the article sold is reasonably fit for the general purpose it is made.

From the serviceman's viewpoint, the right to sue the manufacturer for breach of an implied warranty was virtually a right without a remedy. The rule was that the person injured must have directly purchased the product. This contractual relationship with the seller was called "privity."

Under the strict interpretation of privity, if a buyer purchases a loaf of bread and the bread is unwholesome, causing injury to the buyer and his family, the buyer could recover for his injuries against the seller; however, the rest of the family could not because there was no contractual relationship between the buyer's family and the seller.

Needless to say, the courts came up with some exceptions to this harsh privity rule under the warranty laws. However, the exceptions (including food products) are tedious, inconsistent and vary from state to state, from jurisdiction to jurisdiction, and from time to time.

As a practical matter, since the military purchased all of the items which the serviceman used in performing his military duties, the serviceman was rarely in a position of privity with the seller. So, except under certain extreme circumstances, the remedy of breach of warranty, either express or implied, was and is totally ineffective to protect the rights of the serviceman to sue for his injuries.[16]

In 1963, however, the law pronounced in the now famous case of *Greenman v. Yuba Power Products, Inc.*,[17] squarely reinforced the soldier in his lawsuit, although it involved a civilian.

That case promulgated the principle which has since been legally defined as "strict liability."

Mrs. Greenman purchased a homeuse power tool known as the Shopsmith as a gift for Mr. Greenman. A defect caused an injury to Mr. Greenman, who obviously was not the purchaser. Mr. Greenman sued the manufacturer and the distributor of the product even though he could not prove negligence in the manufacture, design or warning of the product, and even though he was not in a position of privity with the manufacturer or seller of the product.

The serviceman is almost always in the same position as Mr. Greenman: He does not purchase the product which injures him; he usually cannot prove that the product was negligently designed, and in many instances he may even be contributorily negligent.

But with the *Greenman* reinforcement, he can now recover for his injuries caused by a defective product by proving the following elements only:

1. That the product was purchased from the manufacturer or distributor by the military procurement office;
2. That the serviceman was using the product for the purpose for which it was designed;
3. That the product was defective; and
4. That he was injured.

By proving only the above conditions, the serviceman can recover for the total amount of his injuries just as any other citizen can recover under the law. This leaves the serviceman's rights wide open and independent of any limitations which have been placed upon him by his being in the military service.[18]

Strict liability is an imposition of liability without fault upon the supplier of defective products. Proof of negligence is not essential to impose liability and the lack of it is totally immaterial. Liability for products causing physical harm is imposed although the supplier has exercised all possible care.[19]

Basically, the courts have looked at two theories to achieve strict liability. On one side the liability is imposed on the theoretical basis by resorting to warranty. On the other side, the courts have refused to accept the warranty approach because of its problems, and have therefore proceeded to extend the doctrine based on the theory of tort. The strict liability doctrine based upon tort is now recognized in most industrial states, although some states still adhere to the antiquated and obsolete warranty theory of strict liability.

Today, even some legislatures have passed enabling statutes to relieve consumers from the burden of having to establish negligence in order to recover for product-caused injuries. (See Table, p. 33.)

The strict liability doctrine, in my opinion, would extend to any person or manufacturing firm engaged in the business of supplying products to the military.[20]

In the 1964 case of *Alvarez* v. *Felker Manufacturing Co.*,[21] a workman recovered against a manufacturer for the loss of an eye caused by a defective blade in a concrete cutting machine. The workman would be in the same position as a serviceman using the cutting machine while in the military. The *Alvarez* case further held that the manufacturer could not avoid liability by delegating its responsibility to its dealers and claiming that something the dealer did or failed to do insulated the manufacturer from liability.

The suppliers of component parts have been held responsible under this doctrine of strict liability to the ultimate consumer. For instance, the supplier of fiberglas for pontoons to a watercraft manufacturer was held ultimately responsible to the consumer when the pontoons, after being exposed to sunlight, burst at the seams.[22]

The distributors of defective products who channel the product to the military may be responsible to the serviceman for injury even though the distributor did not actually handle the product. In the case of *Canifax* v. *Hercules Powder Co.*,[23] a workman was killed in a dynamite explosion at a dam construction site. His survivors claimed that the fuse was not labeled to reveal its burning time.

Footnotes at end of article.

The court held that the workman's survivors could recover on the basis of strict liability against the *distributor* of the fuse even though the distributor had never had the fuse in his possession. The manufacturer had forwarded the explosive directly to the jobber. Thus, under the *Canifax* case, a distributor of products could not escape liability to the serviceman who might be injured by the defective product even though the distributor only did the "paper work."

The above case would be helpful to a serviceman. For example, if he were injured in Vietnam, in Germany, or anywhere, while using or consuming a defective product, the serviceman's lawyer perhaps should check the law not only where the manufacturer produced the product but also the law of the state where the distributor sold the product to the military.

I understand that most of the products used by the military are manufactured and/or distributed in the United States. In my opinion, the serviceman could bring his action against the distributor, manufacturer, or seller if any of them were doing business in the United States in a state which recognizes strict liability.

I believe that this same principle would apply to foreign-made products, provided the manufacturer of the foreign product had a sales representative or a distributor in a state in the United States which recognizes strict liability.

Even though the serviceman is not usually an actual buyer of the products he uses while in the service, nonetheless he is protected by the strict liability law which holds that sellers of defective products are *accountable to all persons within the distributive chain whose injury is foreseeable.* Even a bystander is protected.

In the case of *Piercefield v. Remington,*[24] a hunter, who was merely a bystander, was injured when a shotgun shell exploded in the breech of his hunting companion's gun. The hunter was allowed to recover against the manufacturer, although he had not purchased the shell, had nothing to do with the use of the shell, and the shell was not and never had been in his possession. Thus, it appears that a serviceman could recover for defective ammunition against the manufacturer of that ammunition even though the gun or weapon was being used by a buddy at the time of his injury.

In a similar case, the retail seller of an aluminum extension ladder was held strictly liable for the death of a workman who was a bystander. The retailer in that case contended that the strict liability in tort doctrine did not apply to bystanders. The court rejected the contention.[25]

Thus, it is difficult to imagine a situation where a serviceman would not have the right to sue when he is injured by a manufacturer's defective product while properly using the product in performing his services in the military.

One of the most rapidly expanding fields in the area of products liability is the duty of the manufacturer to warn of foreseeable and latent dangers attendant upon the proper and intended use of his product. This duty may arise even though his product is perfectly made. Many courts are now holding that the manufacturer must keep abreast of scientific advances and that he is under a duty to adequately test his product. The rationale is that the manufacturer has or should have superior knowlerge of his product and its potential dangers.[26]

Therefore, a supplier to the military must give warning of any inherently dangerous propensity of the product or its use, which he knows or should know about and which the supplier would reasonably expect the user not to know about or discover.

A case in point is that of *Dunham v. Vaughn and Bushnell Manufacturing Co.*[27] A farmer lost the sight of his eye when the head of a claw hammer he purchased chipped a piece of steel while he was hammering a clevis on his farm equipment. The hammer, as forged, had no physical or metallurgical defects; however, after the farmer had used the hammer for 11 months, it became "work hardened." Under these conditions the hammer was likely to chip. The defendants were aware of this likelihood because they had replaced, for other customers, hammers which had developed this condition during use.

The court held that the defendants were strictly liable because of the failure to give plaintiff warning of the danger. In my opinion, this case is direct authority for the proposition that a serviceman can recover for his injuries caused by a defective tool.

The development of the strict liability doctrine has extended the right which servicemen may have against suppliers of defective products because the producers have now been deprived of many common law defenses which earlier would have defeated the serviceman's recovery against them.

The *Greenman* case held that even though the injured user of the product testified that he read and relied upon the representations in the manufacturer's brochure, implicit in the machine's presence on the market was the representation that it would safely do the job for which it was built. Under these circumstances, it was not controlling as to why the machine was selected for the purchase.

Notice to the manufacturer is now no longer necessary.[28]

Disclaimers are now no longer a defense by the manufacturer. In the case of *Henningsen v. Bloomfield Motors,*[29] the manufacturer had written a disclaimer in his new car warranty which stated that the manufacturer and dealer were not responsible for any express or implied warranties nor any other obligations and liabilities except the duty to replace defective parts within a given time and mileage limitation. The court held that such provisions were violative of public policy and thus void.

There, the wife of a purchaser of the new car was properly awarded judgment against the manufacturer and dealers for breach of warranty of merchantability for injuries sustained when a new car ran from the road into a wall because of a defect in the steering mechanism.

It is significant, however, to note that although disclaimers have little legal effect, they still serve as a deterrent to the unknowing and/or the unrepresented.

All servicemen should be specifically advised that notice of nonresponsibility placed on products by manufacturers and distributors may not necessarily be valid and should not deter the serviceman from seeking proper legal advice.

The sellers of merchandise, however, still have some defenses in strict liability. Assumption of the risk is a good defense; misuse of the product by the consumers can be a defense. In the case of *Erickson v. Sears, Roebuck & Co.,*[30] the purchaser bought a stepladder and then altered the design by nailing strips of wood cleats to the bottom of the legs to stabilize the ladder. The court properly concluded that, as a matter of law, at the time of the accident the plaintiff was not using the ladder in the way it was intended.

Since tampering with a manufactured product is usually a defense to a strict liability action, it is recommended that the military insist that all suppliers meet their exacting requirements so that the product need not be altered. It is desirable, therefore, that servicemen be instructed not to alter products unless absolutely necessary.[31]

Servicemen should also be cautioned and warned not to use products which they know are defective. They should be encouraged to return defective products to the quartermaster and ask for new ones where defects are discovered. Such advice is a must; it is commanded by the case of *Baker v. Rosemurgy.*[32]

There, a 40-year-old hunter, with many years of rifle experience, used a gun for three hunting seasons, knowing that it had a defective safety catch. Predictably, the safety catch malfunctioned and the gun went off, injuring the hunter. The hunter admitted that he was aware of the defect in the rifle. The court held that he assumed the risk of the defect and that the manufacturer was not responsible for the injuries caused by the defective product.

This case raises an interesting point as applicable to the serviceman: Does the serviceman voluntarily assume a known risk when he is under orders to alter the instrument in question? For example, suppose he changes the safety catch on a gun, when ordered by his sergeant to do so, which later results in injury. Under the present state of the law his case against the manufacturer is probably destroyed. He may be left with only his military benefits.

Footnotes at end of article.

ACCEPTANCE OF STRICT LIABILITY DOCTRINE

Jurisdiction	Tort strict liability	Warranty strict liability	Advertising, labeling exception	Food product exception [1]	No exceptions	UCC adopted	No cases
Alabama					X	X	
Alaska						X	X
Arizona	X					X	
Arkansas		X				X	
California	X					X	
Colorado						X	X
Connecticut	X					X	
Delaware					X	X	
Dist. of Columbia		X				X	
Florida		X				X	
Georgia					X	X	
Hawaii		X				X	
Idaho						X	X
Illinois	X					X	
Indiana	X					X	
Iowa		X				X	
Kansas		X				X	
Kentucky	X					X	
Louisiana					X		
Missouri					X	X	
Maryland					X	X	
Massachusetts					X	X	
Michigan	X					X	
Minnesota	X					X	
Mississippi	X					X	
Missouri	X					X	

Footnotes at end of tables.

Jurisdiction	Tort strict liability	Warranty strict liability	Advertising, labeling exception	Food product exception [1]	No exceptions	UCC adopted	No cases
Montana					X	X	
Nebraska				X		X	
Nevada	X					X	
New Hampshire					X	X	
New Jersey	X					X	
New Mexico						X	X
New York	X					X	
North Carolina		X				X	
North Dakota				X		X	
Ohio	X					X	
Oklahoma	X					X	
Oregon	X					X	
Pennsylvania	X					X	
Puerto Rico				X			
Rhode Island				X		X	
South Carolina		X				X	
South Dakota					X	X	
Tennessee	X					X	
Texas	X					X	
Utah						X	X
Vermont				X		X	
Virginia		X				X	
Washington		X				X	
West Virginia						X	X
Wisconsin	X					X	
Wyoming		X				X	
Admiralty	X						

[1] The food product exception includes also beverages, drugs and cosmetics. From Commerce Clearing House Reports, Products Liability, Sec. 40.60.

In most states the time in which the serviceman may bring his injury action against the supplier of a defective product begins from the time of injury. The time that the product was manufactured or sold to the government is immaterial.

The amount of time that the serviceman has to bring suit then depends upon the jurisdiction where his lawsuit is filed. For example, if the serviceman sues a supplier in California, the suit must be filed within one year from the time of injury. On the other hand, if the action is brought in New York, the period would be three years.

It is perplexing that so few servicemen pursue their rights for damages against suppliers of defective products. It appears that there must be some policy not to encourage servicemen to pursue their rights.

I can readily see but do not agree with the theory and logic of such a position. It could be based on the proposition that to encourage or even to inform servicemen of their rights to sue suppliers would only bring a series of large damage verdicts against suppliers of military products and would thus increase greatly the cost of the products.

To me, such a position would be fallacious. In the first place, such an assumption would have a tendency to encourage the manufacturer to allow a potentially defective product to go to the military, whereas to avoid lawsuits, he would see that such products going to the civilian market were properly designed and produced.

There is no question that the military has thorough and complete standards requirements as well as an excellent inspection policy; nonetheless, most of the strict liability or products liability cases arise when the manufacturer has complied with all regulations and, furthermore, when there has been adequate inspection.

The government should be far more judicious in advising servicemen of their rights to civil damages. Military lawyers should consider encouraging servicemen to pursue their rights for damages against suppliers. Nothing motivates a producer to safeguard his wares more than making him pay for injuries caused by his defective products.

Another factor which I believe deters many servicemen from pursuing general damages for pain and suffering is fear of acting inconsistently with government policy. Most servicemen want to comply with the spirit and letter of the government because they want to properly fulfill their duty. It is axiomatic that it is not good practice for a serviceman to get at cross-purposes with his superiors.

Probably the most significant reason that the serviceman does not sue manufacturers is lack of knowledge of his rights to sue for injuries caused by defective products. I do not know how thoroughly lawyers in the military advise injured clients of their legal rights to sue; perhaps they are reluctant, or uncertain in this highly specialized field.

Although the military lawyer may not represent the serviceman in a civil court case, nonetheless the lawyer has a duty to advise the client, even if such advice only amounts to referring under a referral system or suggesting that the serviceman see private counsel.[33]

It appears that when a serviceman is injured by a defective product, under the legal assistance program the military lawyer has a professional and ethical responsibility to advise the injured man of his legal rights, *in writing*. It is my opinion that military counsel, in that position, has a *positive duty* to tell the injured serviceman that he *may* have a right to sue for damages.[34]

If some military manual or policy places the military lawyer in a position where he cannot advise the individual serviceman of *all* his rights, including those to sue the manufacturer, then it is obvious that the military lawyer is in a conflict of interest position. Every lawyer in this position should so advise the client, and further advise his client to seek other counsel.[35]

A military lawyer should carefully consider, each time he advises a serviceman, whether the lawyer's employment by the government in any way conflicts with his full and complete professional responsibility to advise his individual client.

The American Bar Association has proposed and adopted the following rule in Section 6–108–B of Canon 6 (Disciplinary Rules):

"A lawyer shall not permit a person or group which recommends, employs, or pays him to render legal services for another to direct or regulate his professional judgment in rendering such legal services."

It further directs the military lawyers' attention to Canons of Professional Ethics, No. 6, a portion of which reads as follows:

"It is the duty of a lawyer at the time of retainer to disclose to the client all the circumstances of his relations to the parties, and any interest in or connection with the controversy, which might influence the client in the selection of counsel."

This provision was placed in the Canons of Professional Ethics as a guide because of the basic principle that a lawyer who must represent conflicting sides in the same controversy cannot adequately represent either.

A military lawyer who does not fulfill his duty to advise a serviceman of a possible strict liability case against a manufacturer of defective products may face serious professional and ethical problems.[36]

Now, let us assume that the military lawyer has complied with the rules of ethics and has used reasonable care in discharging his professional responsibilities by dutifully advising his injured client to contact private counsel. The military lawyer knows that it takes time for the civilian lawyer and his experts to investigate the cause of a product failure or defect. Does the military lawyer still owe a duty to his referred-out client to see that the evidence is preserved in nonclassified cases until the serviceman's private lawyer and experts can "catch up with the defective product?"

The military lawyer may owe a continuing duty not to jeopardize his client's case. If the duty exists, then he should advise the investigating officers to preserve the evidence of the offending defective product in its state at the time of the injury.

The case of *Ford Motor Co., et al., v. Larell G. Tritt, Administratix*[37] provided that because plaintiff's expert witness, a retired professor of mechanical engineering, had never examined the right rear axle of the truck, there was an inadequate basis for his conclusion that the axle was defective, and therefore his expert testimony was inadmissible. The significance of retaining the defective product on behalf of the injured serviceman cannot be over emphasized.

FOOTNOTES

[1] *Sevits v. McKiernan-Terry Corp.*, 264 F. Supp. 810, DC NY (1966), held that a Navy seaman, stationed on an aircraft carrier, had a good personal injury cause of action in admiralty for breach of the implied warranties of fitness and merchantability in strict liability against the manufacturer of the arresting engine, a component part of an aircraft carrier whose ship had been built by the Navy.

[2] *Thomas v. Olin Mathieson Chemical Corp.*, Cal. Ct. App., 63 Cal. Rptr. 454 (1967).

[3] Michigan Court of Appeals, 167 N.W. 2d 100 (1969).

[4] *Johnson v. Chemical Supply Co.*, (Wisconsin S. Ct.) 156 N.W. 2d 455 (1968) held that a chemical supply company that distributed toluol, a petroleum distillate having a flash point of 40 degrees fahrenheit, in black painted 55-gallon drums, was liable for injury to one workman and for the death of another when he struck the end of empty drum with his welding torch to clean it of beads and the drum exploded.

[5] *Ford Motor Co., v. Mathis*, (CA—5 Tex.), 322 F. 2d 267 (1963).

[6] *Jackson v. Baldwin-Lima Hamilton Corp.*, (D.C. Pa.) 252 F. Supp. 529 (1966).

[7] 24 Cal. 2d 453, 150 P. 2d 436 (1944).

[8] 59 Cal. 2d 57, 377 P. 2d 897, 27 Cal. Rptr. 697 (1963).

[9] 217 N.Y. 382, 111 N.E. 1050 (1916).

[10] 10 M. & W. 109 (Exch. 1842).

[11] 259 N.Y. 292, 181 N.E. 576 (1932).

[12] Second Restatement of Torts, Sec. 402 A, "Special Liability of Seller of Product for Physical Harm to User or Consumer":

"1. One who sells any product in a defective condition unreasonably dangerous to the user or consumer, or to his property, is subject to liability for physical harm thereby caused to the ultimate user or consumer, or to his property, if (a) the seller is engaged in a business of selling such a product and (b) it is expected to and does reach the user or consumer without substantial change in the condition in which it is sold.

"2. The rule stated in subsection 1 above applies although (a) the seller has exercised all possible care in the preparation and sale of his product; (b) the user of the product has not bought the product from or entered into any contractual relationship with the seller."

The foregoing rule is not exclusive; it does not preclude liability based upon the alternative ground of negligence of the manufacturer or seller where such negligence can be proved.

[13] Products Liability, Frumer and Friedman, Vol. 1, sec. 12.03, Sub. 2.

[14] Ibid., Sec. 8.07, Sub. 1.

[15] Supra, note 16, Sec. 400.

[16] Products Liability Reporter, Commerce Clearing House, Inc., Vol. 1, Sec. 1000.

[17] Supra, note 12.

[18] It is to be noted that a form of strict liability was adopted prior to *Greenman*, supra, note 12. Strict liability had previously been imposed against damage caused by domestic animals with known dangerous propensities, wild animals, or extra-hazardous activities. The rule is that one who maintains a dangerous thing on his premises, or engaged in an activity which involves a high risk of harm to the persons or property of others even though reasonable care is taken, is strictly liable for the ensuing harm.

[19] Supra, note 16.

[20] *Vandermark* v. *Ford Motor Co.*, 61 Cal. 2d 256, 391 P. 2d 168 (1964).

[21] 230 Cal. App. 2d 987, 41 Cal. Rptr. 514 (1964).

[22] *Power Ski of Florida, Inc.*, v. *Allied Chemical Corp.* (Fla. D.C. App.), 188 So. 2d 13 (1966).

[23] Cal. D.C. App., 46 Cal. Rptr. 552 (1965).

[24] 375 Mich. 85, 133 N.W. 2d 129 (1965).

[25] *Johnson* v. *Standard Brands Paint Co.*, 274 Cal. App. 2d 369, 46 Cal. Rptr. 552 (1965).

[26] Supra, note 17, Sec. 8.

Braniff Airways, Inc., v. Curtiss-Wright Corp., 411 F. 2d 451 (1969) held that although the manufacturer was aware nearly eight months before the crash of instances of cylinder barrel separation, it took no effective action to remedy the problem. The court ruled that after a product is sold, and dangerous defects in its design come to its attention, the manufacturer has the duty either to remedy the defects or, if this is not feasible, at least to give adequate warnings to users to the end that they might minimize the danger.

Tayam v. Executive Aero, Inc., (Minn. S. Ct.) 166 N. W. 2d 584 (1969) imposed liability for negligence upon the manufacturer and the seller of a Mooney super 21 single-engine 4-place airplane for the death of two occupants and for personal injuries sustained by three survivors of an airplane crash. There was sufficient evidence to sustain the jury's finding that the defendants negligently failed to warn that the power boost air intake system should not be left on in flight during icing conditions and that this negligence was the proximate cause of the plane engine's failure and the crash.

[27] 86 Ill. App. 2d 315, 229 N.E. 2d 685 (1967), (Affirmed Ill. S. Ct. 1969).

[28] Supra, note 12.

[29] 32 N. J. 358, 161 A. 2d 69 (1960).

[30] (Cal. D.C. App.) 50 Cal. Rptr. 143 (1966).

[31] *Ulmer v. Hartford Accident & Indemnity Co.* (Ca. La.), 380 F. 2d 549 (1967), held that the next of kin of three deceased servicemen, killed in a helicopter crash, were denied recovery against the insurance carriers of the aircraft manufacturer and the fabricator and assembler of the helicopter blades on the grounds that the Navy had subjected the blades to various overhauls and maintenance work. In so doing, the original integrity of the blades' construction was disturbed to such an extent that defendants were held not liable for their subsequent malfunction.

[32] (Mich. Ct. App.), 144 N. W. 2d 660 (1966).

[33] *Organization and Functions of the Office of the Judge Advocate General*, published by Bureau of Naval Personnel, Chapter 12, Legal Assistance Division, 1967.

[34] Canons of Professional Ethics of the American Bar Association, Canon 8: "Advising Upon the Merits of a Client's Cause. A lawyer should endeavor to obtain full knowledge of his client's cause before advising thereon, and he is bound to give a candid opinion of the merits and probable result of pending or contemplated litigation. . . ."

[35] Proposed Canon 6 of Disciplinary Rules, Ethical Considerations: "In like manner, his personal interests should not deter him from suggesting that additional counsel be employed; on the contrary, he should be alert to the desirability of recommending additional counsel when, in his judgment, the proper representation of his client requires it. . . ."

[36] Proposed Canon 4 of Disciplinary Rules, Ethical Considerations—4.101: "Failing to Act Competently or Use Proper Care. (A) A lawyer shall not: (1) Accept legal employment which he is not competent to handle, unless in good faith he intends to: (a) Qualify himself to handle the matter; or (b) Associate a lawyer qualified to handle the matter. (2) Handle any legal matter without preparation and attention adequate in the circumstances. (3) Handle any legal matter alone when he knows or it is obvious that he lacks the competence to handle the matter. (4) Neglect a legal matter entrusted to him. (5) Exonerate himself from liability for malpractice or limit his liability for malpractice by contract with his client or by use of a corporate structure."

[37] 244 Ark. 883, 430 S.W. 2d 778 (1968).

A NEW FFA VOCATIONAL AGRICULTURE NATIONWIDE PROJECT ENTITLED "BUILDING OUR AMERICAN COMMUNITIES"

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. JONES of North Carolina. Mr. Speaker, a few days ago the State president and vice president of the Future Farmers of America from North Carolina visited Washington, D.C. I hope you are familiar with the official FFA attire of a blue and gold jacket and white shirt, which indeed makes a fine appearance. But, far more important was the purpose of their visit to our Nation's Capital. This meeting announced the introduction of a new FFA—vocational agriculture nationwide project entitled "Building Our American Communities." This project is designed to train young ment in leadership activities of community development. It cites the problems which we face in the years ahead—including an increase in our population, the pollution of our environment, poor housing conditions, better training, and more jobs, among others. Then this project tackles the solutions—including what what can be done through the community development process to alleviate the problem and how to proceed to organize to implement community development at the local level.

Mr. Speaker, I am under the impression that most Members of the House have or will receive copies of this program. If my colleagues have not yet done so, I urge that they take the time to examine it in order to get an insight of the plans and work of this great youth organization. Indeed, you will find it encouraging.

The Future Farmers of America youth organization is looking ahead. The young men who make up its membership recognize they have a job to do to assure future generations a fruitful life. They are accepting the challenge of the late John F. Kennedy—they are beginning. Certainly they are deserving of our support in this very worthwhile endeavor.

SECRETARY RICHARDSON'S FIRST CHALLENGE: WELFARE REFORM

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BOLAND. Mr. Speaker, the need for welfare reform grows more pressing day by day. Yet the 1970 Family Assistance Act—legislation that promises to reform our welfare system from top to bottom—is still awaiting action in the Senate. Passed by the House more than 3 months ago, the bill has been greeted by something less than rapture in the Senate Finance Committee. Despite hearings that would fill thick volumes of testimony, the Finance Committee has yet to put its approval on the bill.

Elliot L. Richardson, the new Secretary of Health, Education, and Welfare, has testified eloquently and convincingly before the committee on the legislation's behalf. He has pointed out, for example, that the bill would put a measure of equity in our welfare system for the first time in more than a half century, establishing the kind of uniform national standards the system now lacks. And, as another example, he has demonstrated that the bill would encourage the poor to work: to go off the welfare rolls, as President Nixon has put it, and onto the pay rolls.

With permission, Mr. Speaker, I put in the RECORD a New York Times editorial outlining Mr. Richardson's challenge in winning congressional approval of welfare reform:

PRIORITY FOR MR. RICHARDSON

The most urgent task for Elliot L. Richardson in his new job as Secretary of Health, Education and Welfare is to pilot through Congress the Nixon Administration's complex welfare reform bill. When he became Secretary, the House had already acted favorably but the bill was in deep trouble in the Senate Finance Committee.

The troubles are not yet over, but in his lengthy appearances as a witness before the Finance Committee, Mr. Richardson has made an encouraging debut. He has impressed even committee critics of the bill by his evident mastery of the many details of this complicated measure. He has been patient and resilient under prolonged and frequently repetitious questioning.

Passage of this plan is critically important. This bill is an effort, the first since Congress approved the Social Security Act in 1935, to take a comprehensive view of the welfare

problem and to relate in a meaningful way Aid to Families with Dependent Children, food stamps, public housing, and medical insurance. It would provide a base income of $1600 in cash plus $894 in food stamps for a family of four.

The working poor as well as the unemployed would benefit. Of the 3,700,000 families who would receive assistance, two-thirds are headed by a man or woman who is employed but whose earnings are extremely low. Except for a mother with children under the age of six, every adult benefiting from the plan would have to register for work or training for a job. Since benefits are graduated, incentives are built into the plan to encourage most individuals to raise their earnings and work themselves out of welfare.

Underneath the many specific questions propounded by conservative Senators, there is the fear that the bill would encourage the poor to malinger and avoid work. Yet experience during World War II and other periods of full employment has shown that almost all people would rather work than subsist on welfare. The number of deliberate welfare cheaters is negligible.

We believe the bill could be improved but our concerns are the opposite of those of the doubtful Senators. The base income of $1600 is too low. The bill tends to be unfair to New York and other northern states which are more generous in their welfare payments than states in the South. But these and other objections do not add up to an argument for killing the plan. In dealing with a problem which is so many-sided, Congress and outside critics alike have to expect that in any plan there will be some anomalies and weaknesses which only experience can correct.

In its progress through Congress thus far, the bill has benefited from the intelligent cooperation of Administration officials and members of Congress. If Senator Long and his colleagues in both parties on the Finance Committee continue this pattern of constructive collaboration with Secretary Richardson, this necessary and far-reaching reform can become law, thereby reflecting credit on all participants and bringing genuine help to millions who desperately need it.

PUNISHING THE HERETICS

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. NICHOLS. Mr. Speaker, the recent ruling by the Internal Revenue Service which removes the tax exempt status of certain private schools, would seem to specifically be aimed at one section of the country—specifically my section Mr. Speaker, where parents have in an effort to obtain a better education for their children, banded together and many such private schools have been established in recent years.

The effect of this punitive decision rendered by the Internal Revenue Service is set out in a forthright editorial by the Montgomery Advertiser, "Punishing the Heretics." I commend this editorial to the reading of my colleagues as well as those in the Internal Revenue Service who seek to further punish and persecute private schools, established in the South in recent years, while conveniently ignoring the many private schools established by religion and fraternal organizations.

The article follows:

PUNISHING THE HERETICS

The recent Internal Revenue ruling that private schools would not be entitled to tax-exempt status unless they can prove that they aren't "private" at all seems to be an extension of the tax law which properly belongs to Congress.

But let's assume, for the sake of argument, that IRS was legally empowered to do what it did, that it can be administrative ukase decree that private means public and can enforce this. The precedent is thus clearly established for a long overdue ruling on the tax status of some 30,000 foundations—a great many set up as simple tax dodges, others to attempt to change laws or public policy.

The precedent is also set for acting against religious organizations that have much of their estimated $100 billion in net worth invested in wholly unreligious activities—from wineries to skating rinks, parking lots and girdle factories.

Last year, Former Commissioner of Internal Revenue Mortimer M. Caplin, in testimony before the House Ways & Means Committee, attacked these church-owned businesses:

"A number of churches have entered into active and aggressive commercial endeavors. One, for example, has become a wholesale distributor of popular phonograph records. Another has acquired at least seven sportswear and clothing manufacturing businesses. Others conduct real estate development businesses, provide petroleum storage facilities and carry on a broad variety of manufacturing enterprises."

There has been little done to penetrate these privileged tax sanctuaries, or those of the foundations, including some run by and for hoods.

Private schools established in the South in recent years will, at best, break even. Many will collapse, and would have before IRS tried to make assurance doubly sure. Few have any taxable profits and rich donors are fast disappearing. There are now so many struggling private schools, even the wealthiest benefactor can't give to one without offending others.

Large gifts had all but disappeared before the IRS ruling. Parents who contribute to building funds for their schools will be penalized, but who cares about them? They are in the group which pays most of the income taxes anyway and have never been accustomed to anything more than piddling exemptions and deductions. (Tuition is not involved, since it has never been a tax-exempt contribution.)

IRS was careful to point out that it wasn't getting into the religious, foundation or fraternal organization thicket. Why not? Because these represent political power and billions of dollars, whereas private school patrons and their benefactors are few, the money involved is relatively trivial, and Negro militants wanted something done about the "white flight" to private schools.

Senator Allen raked the Administration in Congress the other day for ignoring the foundations while concentrating on Southerners who "carry a double burden." They continue to support public schools, Allen said, then pay high tuition rates for the only right of free choice and association left to them.

In May, the Justice Department filed a brief supporting tax-exempt status of all private schools. But an internal squabble in the Administration resulted in a strategic withdrawal.

Columnist David Lawrence asked an irreverent question: How can tax deductions "be justified for gifts to an organization known as the 'National Association for the Advancement of Colored People' and yet be denied when made to organizations which seek to advance the education of white people."

The doctrinaire liberal answer would be that this is different because the NAACP has defended minority rights and done nothing unconstitutional. Just so. But the record will show that NAACP has for years, before and after the school decisions, challenged laws and decisions it didn't like.

Parents who send their children to private schools are not doing anything nearly so bold. They are not challenging laws or refusing to pay their school taxes, but merely opting out of the federalized system for reasons they think are good. They are conscientious objectors.

What could be more American than this silent, peaceful dissent, paying for schools they left as well as those they choose to send their children to?

But, as we said at the outset, assume that IRS is right, legally and morally, and that private school patrons and their vanishing contributors are wrong, legally and morally. Then the ukase must be extended to foundations and religious organizations.

The Cathedral of Tomorrow Church of Akron, Ohio, owns the Real Form Girdle Company and a plastics corporation on Long Island. Churches own millions in stock in an infinite variety of companies, including some their own members may think quite sinful. They pay no taxes on their income and their records are not reported.

Writing in Look for May 19, Kenneth Gross revealed that one New York City church had an investment portfolio of $257,000,000; another of $175,000,000.

One-third of the land in New York City is untaxed. Churches and synagogues own most of it. The lowest estimated value of the land they occupy is $726,000,000, but tax experts say a more realistic accounting would amount to at least twice that.

Not all of it is used for non-religious purposes of course, but much of it is. Many churches are landlords and giants of industry and commerce. More than a few are slumlords.

In 1969, Congress would not tamper with the ancient privilege, although the tax reform law did give the churches six years to get rid of business unrelated to religious purposes. The grace period will almost certainly be extended indefinitely.

The IRS, following the private school precedent, could crack down now with its own directive. Will it? Of course not. It even exempted religious private schools from its July 10th directive.

We believe in the absolute necessity of public education, but that is not the issue. The issue is whether or not a minority of Americans who choose to remove their children from the system, for whatever reason, are to be tainted with the label of illegality, while thousands upon thousands of infinitely wealthier enterprises enjoy tax-exempt status simply because they are too powerful for IRS to tangle with.

The issue, in essence, is freedom, not money; so little is involved. For political purposes, the Administration has chosen to stigmatize a group of Americans who are dissenting lawfully and constitutionally, even as they bear the load for both public and private education. As parents, they have elected to pay this price, which most of them can't afford.

Some may be prejudiced, but then prejudice in the purest sense is evident in every religion, every fraternal organization, in all groups where people choose to assoicate with those with whom they have ideological, eth-

nic, religious or other reasons for common understanding.

Of all these, only one has now been declared a taxable "prejudice"—the desire of parents, for whatever reason, to seek what they consider the best for their children, their dearest possessions. They may be wrong in their beliefs, just as other groups may be; but they alone have been singled out for damnation by IRS, which picks on the weak and blinks at the powerful.

If it is tax money IRS is seeking, it could find, without half looking, so much richer fields as to beggar comparison. But it's not that. IRS has simply been used, willingly it appears, as an instrument of quasi-religious excommunication of heretics.

The secular theology pronounced in Washington is total integration. Those who quietly decide they won't accept the dogma are to be punished by double taxation, a crude perversion of equal justice under the law.

IRVING L. SCHANZER

HON. ALLARD K. LOWENSTEIN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. LOWENSTEIN. Mr. Speaker, I want to take a moment today to mourn the death of Mr. Irving L. Schanzer, a past president of the Rockville Centre, N.Y., Board of Education, and one of the most valuable and respected citizens of that community.

Mr. Schanzer lived in Rockville Centre for some 30 years, and a good deal of his time during those years was devoted to making it a better place to live. He was an unusually successful lawyer whose firm handled cases for President Roosevelt, and for Mrs. Roosevelt after the death of the President. He did not content himself with personal success; he took on the additional burden of public service. And Rockville Centre is a stronger community for his having done so.

His service as head of the school board for several terms in the 1950's and early 1960's was a major factor in guiding and encouraging substantial improvements in the school system. He also found time to serve as trustee and president of the Central Synagogue of Nassau County, and his contribution to the religious life of the area gained him the gratitude and admiration of citizens of all faiths.

We will miss the fine intellect and warm heart of Irving Schanzer for a long time to come, but we can have only the faintest glimmer of how terrible the loss must be for his family. I hope they know through these difficult months that they are very much in the thoughts and prayers of countless friends and neighbors.

In times when families seem almost to be going out of fashion, it has been wonderful to have the example of the Schanzers to remind us how priceless a blessing it is to be part of a loving and good family. Such families enjoy one another more than most, of course, so when they lose a member, they suffer more too, and our hearts go out with special love to the gifted and sparkling Mrs. Schanzer and to the remarkable Schanzer children.

1971 BUDGET SCOREKEEPING REPORT

HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. MAHON. Mr. Speaker, the periodic "budget scorekeeping" reports prepared by the staff of the Joint Committee on Reduction of Federal Expenditures are useful in helping to keep tabs of the budgetary impact of the many legislative actions. The most recent of these reports, reflecting cumulative actions of the Congress through July 28, was mailed to all Members of Congress yesterday.

SCOPE OF THE REPORT

This report is factual and entirely objective. It is based upon the best information the committee staff has been able to obtain from various sources.

The report brings together into a single package all facets of the Federal budget as acted upon by the Congress: (1) the appropriation bills, (2) mandatory spending authorizations in basic legislation other than appropriation bills, such as pay increases or pensions or welfare increases for which spending proceeds as soon as authorized and prior to the actual appropriation of funds, and (3) spending authorizations which are in effect appropriations within themselves, such as a social security increase or an authorization to spend from public debt receipts, or contract authority in basic legislation.

The report also gives the status of legislative proposals that in effect serve to reduce budget spending such as postal rate increases—the so-called negative expenditure legislative proposals.

The report gives the status of various revenue proposals which directly affect the budget deficit.

The report gives the status and estimated cost of all pieces of legislation either proposed by the administration or acted upon by a committee of the Congress; these are not counted as directly affecting the budget unless they provide for mandatory spending or a so-called backdoor appropriation, but they are nevertheless tabulated because they serve as an indication of the future cost of such legislation.

PURPOSE OF THE REPORT

The purpose of this report is to show how the actions or the inactions of the Congress on these many and varied pieces of the total legislative package affect the President's budget as originally submitted and as revised by him. It reports on congressional actions affecting the budget beginning with the actions of each committee as a bill is reported. It reflects—in separate columns—the actions of the House, the Senate, and final enactments by the Congress.

CONGRESS ACTS ON BUDGET AUTHORITY, NOT EXPENDITURES

Except for overall spending ceilings, Congress, for the most part, acts upon budget requests in terms of new budget—obligational—authority, mostly in the form of appropriations. Appropriations provide obligating authority which may be paid out—expenditures—over a period of several years. It is not difficult to keep track of what Congress does to various appropriation requests in terms of new budget obligational authority. Except for a few indefinite type appropriations, congressional actions on appropriation requests are in precise terms and can be readily tabulated and accounted for.

However, the budget is generally thought of and expressed in terms of projected budget outlays or expenditures. Converting the effects of congressional actions on appropriations providing obligating authority, which may be spent over a period of years, into the effects of such actions on estimated outlays or expenditures in a particular budget year is far from an exact science; precise translation is usually not possible. The best that can be provided are approximations or estimations of how various congressional actions affect the outlay or expenditure budget projection for a given year.

Mr. Speaker, it is important to a good understanding of the figures to emphasize this difference between what the Congress does to the budget in making an appropriation and the effect of such action on what the Congress does to the budget in terms of outlays or expenditures. A reduction in appropriations is an equivalent saving in expenditures but all of that saving—in terms of budget outlays—may not be realized in the first year but rather over a period of several years. This is a source of some confusion each year when reporting on what the Congress has done in acting upon various legislative and appropriation requests in the President's budget.

This conversion from "budget authority" to "budget outlays" of congressional actions on appropriations and other authorizations to spend affecting the current budget year is a major contribution of this report. Prior to these "scorekeeping" reports such a conversion was not available to the Congress except in occasional statements issued by the Executive.

As I have done with recent issues of this report I want to bring to the attention of Members certain factual highlights from the introductory section of the latest report. These highlights on the status of the fiscal 1971 budget as of July 28 are as follows:

INTRODUCTION

STAFF REPORT ON THE STATUS OF THE 1971 FISCAL YEAR FEDERAL BUDGET

(Highlights and Current Status of the 1971 Budget)

Presidential revisions in the budget

A. New budget authority for fiscal 1971 in the February 2 budget submission was estimated to be $218,030,495,000. By budget amendments, legislative proposals and reestimates (May 19, 1970), the President has increased the estimates for new budget authority for 1971 by $2,691,932,000 to a new total of $220,722,427,000.

B. Budget outlays for fiscal 1971 in the February 2 budget submission were estimated to total $200,771,129,000. By budget amend-

ments, legislative proposals and reestimates (May 19, 1970), the President has increased the estimated budget outlays for fiscal 1971 by $4,571,871,000 to a new total of $205,343,000,000.

C. Budget receipts for fiscal 1971 in the February budget submission were estimated to total $202,103,000,000, including $1,522,000,000 for increased taxes proposed to the Congress. By additional revenue proposals for estate and gift taxes ($1,500,000,000) and leaded gasoline tax ($1,600,000,000) offset by some adjustments downward in his May 19, 1970 reestimates, the President has increased fiscal 1971 estimated receipts by a net of $2,006,000,000 to a new total of $204,109,000,000.

Congressional changes in the budget

A. Budget authority for fiscal 1971:

1. *House* actions to July 28, 1970 on all spending bills—appropriations and legislative—have *increased* the President's requests for fiscal 1971 budget authority by $7,735,754,000.

2. *Senate* actions to July 28, 1970 on all spending bills—appropriations and legislative—have *increased* the President's budget authority requests for fiscal 1971 by $4,193,265,000.

3. *Enactments* of spending bills—appropriations and legislative—to July 28, 1970 have *added* $2,198,408,000 to the President's budget authority requests for fiscal 1971.

B. Budget outlays for fiscal 1971:

1. *House* actions to July 28, 1970 on all spending bills—appropriations and legislative—have *added* a net of $3,105,063,000 to the President's total estimated outlays for fiscal 1971.

2. *Senate* actions to July 28, 1970 on all spending bills—appropriations and legislative—have *added* a net of $2,413,052,000 to the President's total estimated outlays for fiscal 1971.

3. *Enactments* of spending bills—appropriations and legislative—to July 28, 1970 have *added* $553,434,000 to the President's total estimated outlays for fiscal 1971.

C. Budget receipts requested by the President for fiscal 1971 requiring Congressional actions total $4,622,000,000:

1. *House* actions to July 28 on revenue proposals total $708,000,000 (including a net of $173,000,000 not requested for fiscal 1971 by the President) leaving a balance of $4,087,000,000 additional revenue increases required to meet the President's revised fiscal 1971 budget requests,

2. *Senate* actions to July 28 on revenue proposals total $757,000,000 (including $439,000,000 not requested for fiscal 1971 by the President) leaving a balance of $4,304,000,000 additional revenue increases required to meet the President's revised fiscal 1971 budget requests.

3. *Enactments* of revenue proposals to July 28 total $322,000,000, leaving a balance of $4,300,000,000 additional revenue increases required to meet the President's revised fiscal 1971 budget requests.

Facts on the budget deficit

The budget for fiscal 1971 submitted to Congress February 2, 1970, reflected a unified budget surplus of $1.3 billion, made up of an $8.6 billion surplus from the trust funds and a $7.3 billion deficit in the general Federal funds.

The budget for fiscal 1971 as revised by budget amendments, additional legislative proposals, and reestimates, exclusive of any separate direct Congressional actions on the budget, as announced by the President on May 19, 1970, reflected a unified budget deficit of about $1.2 billion. Including congressional actions, as announced by the President May 19, 1970, the unified budget deficit was estimated to be $1.3 billion, made up of an $8.7 billion surplus from the trust funds and a $10 billion deficit in the general Federal funds.

These surplus and deficit projections are dependent upon various factors of an uncertain nature, such as:

1. Experience shows that actual outlays are likely to increase over earlier projections—thus increasing the deficit.

2. The economic slowdown may decrease actual revenues from the amounts projected—thus increasing the deficit.

3. The budget contains about $2.1 billion in negative outlay estimates for various legislative proposals (such as postal rate increases, etc.) which if not enacted by Congress will automatically increase budget outlays by the amounts not enacted—thus increasing the deficit.

4. The budget reflects reduced outlay estimates in the amount of $2.1 billion for various program terminations, restructuring, and reforms, some requiring congressional enactments, which if not accomplished will automatically increase budget outlays by the amounts estimated—thus increasing the deficit.

5. The budget as revised to May 19, 1970 contains receipt estimates from various revenue producing proposals in the amount of $4.8 billion (including $503 million for trust funds of which $194 million was not requested by the President) which if not enacted by Congress will automatically reduce receipts of the Treasury by the amounts estimated—thus increasing the deficit.

Adding these uncertain budget estimates to the deficit projections made by the President May 19, 1970, the unified budget deficit might be $10.3 billion made up of an $8.2 billion surplus from the trust funds (excluding $500 million from new proposals) and an $18.5 billion deficit in the general Federal funds. Any changes upward in outlays by Presidential or congressional add-ons or reestimates and any changes downward in revenues (and the staff of the Joint Committee on Internal Revenue Taxation has recently estimated that revenues will be about $3.2 billion—$2.7 billion Federal funds and $500 million trust funds—less than the administration projects for fiscal 1971) will necessarily add to these deficit projections.

EFFECT OF CONGRESSIONAL ACTIONS AND INACTIONS ON THE DEFICIT

Mr. Speaker, various factors make it a bit difficult to readily determine just what the Congress has done to the projected budget deficit for fiscal 1971. While it takes some analysis of the details of the July 28 "budget scorekeeping report" to make this determination, it is, nevertheless, important to know the impact of congressional actions, and inactions, on the President's projected budget deficit at any given time. A determination of this sort is, of course, very tentative and preliminary in nature since the work of the Congress is far from completed. But in briefest summary as of July 28.

First. By its actions to July 28, on both spending and revenue measures, the House has increased the projected deficit for fiscal 1971 by a net of about $3.1 billion. This net increase in the projected deficit reflects House actions such as a $1.5 billion social security increase, a delay in the family assistance proposal, and other mandatory spending authorizations, totaling about $3 billion in all, and a net increase of about $100 million in spending related to the various appropriation bills.

Second. By its actions to July 28, on both spending and revenue measures, the Senate has increased the projected deficit for fiscal 1971 by a net of about $2.1 billion. This net increase in the projected deficit reflects Senate actions on various mandatory spending authorizations similar to but not corresponding exactly to those reported for the House, totaling $1.2 billion in all, and increased spending related to appropriation bills totaling $1.2 billion, offset by nonbudgeted revenue increases voted by the Senate but not yet acted upon by the House. The Senate has not yet acted on the social security increase or the family asssitance proposal, and has acted on only six of the fiscal 1971 appropriation bills in contrast to the 13 passed by the House.

Third. In addition to the actions taken to date, still awaiting action are about $4.4 billion of the President's requests for legislative proposals that are counted in the budget as offsets to spending and new revenue proposals—both of which were counted in arriving at the deficit projected by the President. Involved are such proposals as a new tax on leaded gasoline, accelerated collection of estate and gift taxes, certain user charges, and some spending offset proposals.

SUPPORTING TABLE NO. 1

Mr. Speaker, in addition to the foregoing highlight statements, supporting table No. 1 is of special interest. This is perhaps the key table in the report showing, bill by bill, what Congress is doing to change both the budget authority and the outlay—expenditure—sides of the President's budget. It shows actions in terms of increases or decreases from the budget estimates. I am inserting supporting table No. 1 in the RECORD:

By referring to the various subtotal lines on the table, the cumulative change from the budget estimates can be readily determined.

This table is in several parts.

APPROPRIATION BILLS

The first part of the table shows the effects of actions taken—to July 28—at this session on appropriation bills.

The report indicates that the net effect of House actions in appropriation bills to July 28 have resulted in decreasing 1971 appropriation requests for budget authority by about $572 million, and increasing estimated outlays over the President's budget estimates by about $112 million. Outlays show an increase, because the outlay figure includes the effect in fiscal 1971 of the Labor-HEW-OEO appropriation bill for fiscal 1970 passed at this session—the budget for fiscal 1971 submitted in February did not reflect final congressional action on this appropriation bill, but did reflect final congressional action on all other appropriation bills for fiscal 1970, except, of course, the second general supplemental bill.

BACKDOOR BUDGET AUTHORITY

The second part of this table shows changes in the budget made in the form of new budget authority through the so-called backdoor appropriations process. To July 28, the House has voted or reported $6,893 million in budget authority over the President's budget requests. These items will have little or no effect on outlays, for fiscal 1971; therefore, no change is shown for outlays.

LEGISLATIVE BILLS MANDATING SPENDING

The third part of this table reflects

estimates for budget increases or decreases which result from congressional action on legislation containing mandatory spending authorizations such as pay or pension increases for which spending does not wait until an appropriation is made as is the case for most legislation authorizing new or expanded programs.

The net effect of House actions to July 28 for such legislative items is an increase in 1971 budget authority of $476 million and an increase in 1971 budget outlays of about $2,060 million. This does not reflect enacted or pending Federal or postal pay increases which were proposed by the President as increases to his own February budget and therefore not accounted for as congressional increases in the budget. But it does reflect the cost of the retroactive postal pay increase for 2½ months in fiscal 1970 which will be paid in fiscal 1971.

LEGISLATIVE BILLS RE PROPOSALS TO REDUCE

The fourth part of this table reflects the apparent changes in the budget resulting from actions taken to date on legislative proposals to reduce budget authority and outlays. Only items on which partial action has been taken are counted for scorekeeping purposes at this time. For the House, the effect of these actions to July 28 is an increase in the 1971 budget authority of $939 million and an increase in 1971 budget outlays of $934 million. These estimates assume a 6-month delay in the effective date of a postal rate increase.

A similar tabulation, giving the details of congressional actions affecting fiscal 1970 estimates, is included at the bottom of this table:

SUPPORTING TABLE NO. 1.—EFFECT OF CONGRESSIONAL ACTIONS DURING THE CURRENT SESSION ON INDIVIDUAL BILLS AFFECTING BUDGET AUTHORITY AND OUTLAYS (EXPENDITURES)
(AS OF JULY 28, 1970)

[In thousands of dollars]

Items acted upon	Congressional actions on budget authority (changes from the budget)			Congressional actions on budget outlays (changes from the budget)		
	House	Senate	Enacted	House	Senate	Enacted
	(1)	(2)	(3)	(4)	(5)	(6)
Fiscal year 1971:						
Appropriation bills (changes from the 1971 budget):						
Labor, Health, Education and Welfare, and related agencies, 1970 (H.R. 15931, Public Law 91-204)				[1] +248,000	[1] +248,000	+248,000
Treasury, Post Office, and Executive offices (H.R. 16900)	−73,053			−65,000		
Legislative branch (H.R. 16915)	−9,394	−7,525	[2]	−8,750	−7,000	[2]
Education (H.R. 16916)[3]	+319,590	+816,047	[4] +453,321	+215,000	+417,000	[4] +239,000
2d Supplemental, 1970 (H.R. 17399, Public Law 91-305)				−19,700	−200,300	−123,000
Independent offices and Department of Housing and Urban Development (H.R. 17548)	+173,389	+1,186,796	[5] +541,302	−114,650	+89,000	[5] −24,000
State, Justice, Commerce, the Judiciary and related agencies (H.R. 17575)	−136,949			−50,000		
Interior and related agencies (H.R. 17619)	−731	−4,637	[6] −4,500	−3,350	−2,300	[6] −3,500
Transportation and related agencies (H.R. 17755)	−36,235			−34,700		
Foreign assistance and related agencies (H.R. 17867)	−655,578			−150,000		
District of Columbia (H.R. 17868, Public Law 91-337)	−150	−150	−150	−150	−150	−150
Agriculture and related agencies (H.R. 17923)	−81,587	+727,581	[2]	−105,800	[6] +635,000	[2]
Military construction (H.R. 17970)	−137,763			−11,000		
Public Works and Atomic Energy (H.R. 18127)	−26,625					
Labor, Health, Education, and Welfare and related agencies (H.R. 18515)	+92,926					
Subtotal, appropriation bills	−572,160	+2,718,112	+989,973	+111,500	+1,179,250	+336,350
Legislative bills with "backdoor" spending authorizations (changes from the 1971 budget):[7]						
Emergency home financing (Public Law 91-351)	+1,500,000		+750,000	[8]		[8]
Alaska Omnibus Act extension (S. 778)	+851	+851	[4] +851	[8]	[8]	[4 8]
Land and water conservation (Public Law 91-308)	+30,000	[1] +30,000	+30,000			
Unemployment trust fund (H.R. 14705)	[1] +194,000	+194,000	+194,000			
Urban Mass Transportation (H.R. 18185)	[5] +2,118,000					
TVA bonds (H.R. 18104)	[5] +3,050,000					
Subtotal, "backdoor"	+6,892,851	+224,851	+974,851			
Legislative bills with mandatory spending authorizations (changes from the 1971 budget):						
Additional district judges (Public Law 91-272)	−2,370	[1] −727	−727	−2,370	[1] −727	−727
Employee health benefits (H.R. 16968)	+140,000			+140,000		
Wage board pay revision (H.R. 17809)	[5] +230,000			[5] +230,000		
Dependents' health care (H.R. 8413)	+255			+255		
Public Health Service retirement (Public Law 91-253)	+259	[1] +259	+259	+259	[1] +259	+259
Social security (H.R. 17550)				+1,500,000		
Family assistance (H.R. 16311)	−450,000			−350,000		
Federal lands for parks (reduces offsetting receipts) (S. 1708, H.R. 15913)	[5 8]	[8]		[5 8]	[8]	
Postal reform—pay (H.R. 17070, S. 3842)	+107,700	+107,700	[2]	+107,700	+107,700	[2]
Foreign Service retirement (Public Law 91-201)	[5]	[8]	[5]	[8]	[8]	[5]
Air traffic controllers' retirement (S. 3959)		+7,300			+7,300	
Veterans' hospital care for 70-year-olds (H.R. 693)	(+7,000)	(+7,000)	[2]	(+7,000)	(+7,000)	[2]
Veterans education assistance (Public Law 91-219)[9]	[1] +185,500	[1] +185,500	+185,500	[1] +169,000	[1] +169,000	+169,000
Veterans additional $5,000 insurance (Public Law 91-291)	+45,000	[1] +45,000	+45,000	+45,000	[1] +45,000	+45,000
Veterans compensation increase (S. 3348)	+226,481	+114,370	[2]	+226,481	+114,370	[2]
Redefine "child"—(dependency compensation) (Public Law 91-262)		+6,900	+3,552		+6,900	+3,552
Veterans auto allowance increase (H.R. 370)	+938			+938		
Railroad retirement (H.R. 15733)	−7,700	[2]	[5 8]	−7,700	[8]	[5 8]
Subtotal, mandatory	+476,063	+466,302	+233,584	+2,059,563	+449,802	+217,084
Legislation affecting proposals to reduce budget authority and outlays:						
Medicaid reform (H.R. 17550)	+155,000			+150,000		
Postal rate increase (H.R. 17070, S. 3842)	[10] +784,000	[10] +784,000	[2]	[10] +784,000	[10] +784,000	[2]
Subtotal, reduction proposals	+939,000	+784,000		+934,000	+784,000	
Subtotal, legislative bills	+8,307,914	+1,475,153	+1,208,435	+2,993,563	+1,233,802	+217,084
Total, fiscal year 1971	+7,735,754	+4,193,265	+2,198,408	+3,105,063	+2,413,052	+553,434
Fiscal year 1970:						
Appropriation bills (changes from the revised 1970 budget):						
Foreign Assistance (Public Law 91-194)	[1] −150	[1] −150	−150	[1] −100	[1] −100	−100
Labor, Health, Education, and Welfare and Related Agencies (H.R. 15931, Public Law 91-204)	[1] +567,000	[1] +567,000	+567,000	[1] +335,000	[1] +335,000	+335,000
Second Supplemental, 1970 (H.R. 17399, Public Law 91-305)	−153,957	[11] +272,203	−408,637	−121,300	−84,800	−99,000
Subtotal, appropriation bills	+412,893	+839,053	+158,213	+213,600	+250,100	+235,900
Legislative bills with spending authorizations (changes from the revised 1970 budget):						
Food for needy children (Public Law 91-207)				[1] +30,000	[1] +30,000	+30,000
Veterans education assistance (Public Law 91-219)	[1] +107,400	[1] +107,400	+107,400	[1] +94,000	[1] +94,000	+94,000
Airports and airways development (Public Law 91-258)			+840,000			[8]
Subtotal, legislative bills	+107,400	+107,400	+947,400	+124,000	+124,000	+124,000
Total, fiscal year 1970	+520,293	+946,453	+1,105,613	+337,600	+374,100	+359,900

Footnotes on following page.

[1] Reflects conference or final action for comparability.
[2] Subject to or in conference.
[3] $425 million budget authority ($212,000,000 outlays) for impacted area school aid, carried in budget as "proposed legislation," is regarded as budget appropriation request for score-keeping purposes although no formal amendment has been transmitted.
[4] Pending signature.
[5] Committee action.
[6] Does not reflect outlay effect of $20,000 payment limitation.
[7] "Backdoor" refers to budget authority and outlays provided in basic legislation not requiring further appropriation action.
[8] Not available.
[9] Congressional increase of $185,500,000 subsequently included in budget amendment (H. Doc. 91-312).
[10] Reflects half-year delay in rate increase.
[11] Does not reflect provision of $300,000,000 for food stamp program to be charged against 1971 agriculture appropriation bill. Reflects point of order on the floor against foreign military credit sales.

"AN ORDINARY GUY" IN ETHIOPIA

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BOLLING. Mr. Speaker, the story of "An Ordinary Guy" in Ethiopia, published in the July issue of Reader's Digest, relates how a young man from Kansas City improved the quality of life for thousands of bleak and disheartened Ethiopians. Hugh Downey, the subject of the story, is the son of Mr. and Mrs. Hugh B. Downey, who believe in what their son is doing and who, through example and guidance, can be credited for the inspiration that led to Hugh's remarkable list of achievements. The article follows:

"AN ORDINARY GUY" IN ETHIOPIA

(By Clarence W. Hall)

Out riding in his jeep that September day in 1963, Army Specialist 5 Hugh Downey had not a troubled thought in his head. The Ethiopian air was uncommonly salubrious, and so were the spirits of the 21-year-old GI. Seeing a Coptic priest trudging down the dusty road, Downey stopped and offered him a ride to his village, Shinnara. That small act of helpfulness was destined to change not only the current of Hugh Downey's life but also the lives of thousands of impoverished Ethiopians.

As they drove, the clergyman and the young GI fell to talking. And Downey quickly became aware that this province—Eritrea, once the domain of the fabulous Queen of Sheba—had long since lost its shine. Life here was bleak, and death came early to most of the thousands of disheartened Ethiopians, who tried grimly to scrape a living from the region's arid soil. Health services were nonexistent. The infant mortality rate was among the world's highest. Periodic epidemics took the lives of hundreds.

"The only way our people will ever rise above their misery," said the priest disconsolately, "is through education." But educational opportunities in the villages were nil, and attempts by the people to establish their own schools had failed. Arriving at Shinnara, the priest pointed to the remains of a mud-and-grass shack. "That's what is left of our school," he said. "Monsoon rains brought it down, and the people are too discouraged to try again."

That evening, back at his U.S. Army communications base in Asmara, Hugh Downey found that his euphoria had evaporated. Haunted by a vision of the villagers' pathetic attempt to provide their children with some form of education, Downey found a slow resolve building in his mind: by hook or crook, he'd help them get a school that would withstand the monsoon.

Today, no longer in the Army but still in Ethiopia, "Mr. Hugh," as he is known everywhere in Eritrea, has to his credit an incredible list of achievements. During the past seven years, he has instituted scores of self-help projects that are revolutionizing the lives of thousands of Ethiopians. Among them: ten sturdy village schools; an orphanage housing 100 parentless children, with a day school for 150 others; an obstetrical clinic that has saved the lives of hundreds of mothers and their babies; a 5000-volume public library; a handsome 75-bed hospital. In addition, he has shown the people how to dig wells, fought malarial epidemics, conducted agricultural experiments to help villagers improve their crops, and distributed tons of food and clothing to the poor.

More important than all these tangible exploits on the Ethiopians' behalf, however, is the miraculous change that Hugh Downey has wrought in their minds and attitudes. He has uprooted their age-old conviction of the inevitability of fate, and implanted the knowledge that, by their own initiative, they can lift themselves out of hopelessness, poverty and ignorance.

How did one man accomplish so much? Let's retrace the steps.

"THIS IS YOUR PROJECT"

On his next off-duty day following his meeting with the priest, Hugh was back at Shinnara. "You want a school for your children?" he asked the assembled villagers, relying mostly on sign language. "Let's try to build one together." Unloading a couple of bags of cement and a rough wooden mold, he began demonstrating how cement, mixed with sand, made blocks that would defy any monsoon. "You practice," he indicated. "In a few days, we'll get started."

From the first, Downey insisted that the people do the actual work themselves. "Every time you do something for people who can do it for themselves," he stoutly asserts, "you take something important away from them—their dignity, their pride of accomplishment." To the villagers he made it plain: "This is your project, not mine."

The people's absorption of the self-help principle was slow, and slowed further by their native distrust of Hugh's motives. Hitherto they had known only two kinds of foreigners: soldiers who had come to conquer them, and missionaries who had come to convert them. "I represent no government," Hugh repeated constantly. "I'm just an ordinary guy trying to help people to the best of my ability."

But Hugh's biggest obstacle in the beginning was the language barrier. The villagers knew no English; he knew only a few words of Amharic, the official state language, and none of Tegrennia, the lingua franca of the northern region. This problem was solved one day, however, when an Ethiopian of just about Hugh's age appeared on the scene. Ato Sium Andegherghis stood watching for a while as Hugh strode from point to point, making suggestions to the workers in sign language. Then, in perfect English, Sium said quietly: "I come from Ghelas, where I've been trying to start a school, but this is my home village. When I heard that an American soldier was helping my people, I could not do otherwise than offer my services. Will you accept them?"

"Will I!" shouted Hugh. "You're not from Ghelas—you're from heaven!"

A PIECE OF THE ACTION

With Sium translating Hugh's instructions, the work picked up speed—and debts. Having spent all his GI salary on materials, Hugh wrote home to his father, a Kansas City attorney: "Dad, I've got a little thing going over here. For a few bucks, I can give you a piece of the action." The elder Downey not only sent the "few bucks" but, sharing Hugh's letters with business friends, found them eager to chip in. Within five months the little school was completed and equipped. Total cost: $800. Sium, naturally, became chief teacher.

Soon, Downey was involved in several more school-building projects. And building schools wasn't all. As he explains it, "One need sort of exposed another—so what was a fellow to do?" For example, while building a school at Ghelas, he found that the village's only water supply was miles away; villagers had to tote it in buckets over a steep mountain range.

No geologist, Hugh nevertheless knew that water which seems nonexistent from the surface is often available if one digs deep enough and in the right place. One place that seemed right was beneath a huge baobab tree, the only green thing in an otherwise arid area. Talked into a community-shared digging operation, the surprised Ethiopians hit ar abundance of clear, cool water at 30 feet. Now, next to their shining new school, the Ghelas well is the villagers' proudest possession.

PLACE OF HOPE

In early 1965, a month before his severance from the Army and scheduled return home, Hugh sent words to his father that he had "another little thing going." Having rented a small house in the town of Keren, "to be closer to my projects," he had again fallen victim to a crying need. One day, noting an unusually pathetic little orphan wandering about Keren foodless and bedless, Hugh led him home. In a few weeks the Downey house was overrun with abandoned children.

"We've got 20 orphans on our hands now," Hugh wrote. "The mayor has offered to give us a piece of land if I will build a small orphanage to care for these kids. A place large enough for this purpose will cost $3000. I've saved $1500 from my salary. Want to match it? (P.S.: We've started construction!)"

Leaving Sium in charge of his orphans, Hugh flew home to meet for the first time the Kansas Citians who had joined his father in sending funds. Impressed by what he told them, these men quickly organized themselves into a nonprofit, tax-deductible organization pledged to support Hugh's Ethiopian enterprises. At his suggestion, the organization was named the "Lalmba Association" [1]—after a mountain near Keren whose name means "a place of hope and refuge." Every penny contributed goes to Hugh's work; all record-keeping is done by volunteers, and nothing is charged to administrative expenses.

If the formation of Lalmba (pronounced "Lah-lum-ba") was a god-send to Hugh Downey, it soon proved an almost daily challenge to its Kansas City members. Says chairman Edward G. Mura, an insurance executive: "Even while we're getting up money or materials for something that Hugh has started, he informs us of 'another little thing I've got going.' But if some of his schemes sound at first like missions impossible, we've learned not to prelabel them. Not a single enterprise of his has failed yet."

MEDICAL MECCA

Before returning to Ethiopia, Hugh talked his childhood sweetheart—slim, dark-haired Martha Rose Meagher—into marriage, and within a few weeks he and his bride were

[1] Headquarters: 5306 Rockhill Road, Kansas City, Mo., 64110.

on their way to Keren. With them they took a load of medicines contributed by a local pharmaceutical house, and a set of plans for the orphanage, donated by a firm of Kansas City architects.

A long, low porticoed building of stone and bricks, the orphanage was completed in a matter of months. It comprises cheerful dormitories, dining hall, schoolrooms, teachers' quarters and administrative section.

Other projects followed rapidly. To fight the recurrent malaria epidemics that often swept the desert lowlands beyond Keren, Hugh organized a series of "medical safaris" made up of U.S. Army doctors, Peace Corps nurses and Ethiopian medical aides. To help cut down the alarmingly high infant-mortality rate, he took over an unused building in Keren and turned it into a top-grade obstetrical clinic serving hundreds of Ethiopian women. And, moved by the people's awakening curiosity about the rest of the world, Hugh remodeled another unused building into a public library.

The latest and most ambitious Downey project by far, however, has been the construction of a handsome new 75-bed hospital in Keren, scheduled for official opening this month. This is the realization of a dream of long standing. For years Hugh had known that some sort of permanent medical facility was an absolute must. His house in Keren had become a mecca for the sick, who often walked a whole day to beg for help. And trips to the villages always revealed people in desperate need of hospital attention.

Today, thanks largely to Lalmba, his hospital is no longer a dream. Built to a design drawn without charge by a firm of Kansas City architects, the hospital's cost, including the value of donated furnishings, X-ray and other modern equipment, came to a small fraction of what it would have cost in the United States.

The medical staff is supplied by the Ethiopian government. Dr. Robert A. McLauchlin, an Oklahoma City surgeon, and his wife, a registered nurse, paid their own way to Ethiopia early last year to advise on the project. He is now on leave to head the staff.

THE REWARD THAT MATTERS

"Mr. Hugh" and "Miss Marty" are constantly devising new projects "to keep the people hot on self-help." Slated for concentrated attention this year are development of a large experimental farm on land offered Lalmba by the government, expansion of the orphanage, the building of more schools and roads, the establishment of a series of medical outstations. Also receiving prime attention is the development of what Hugh calls an "engineering school," where trades can be taught and artisans trained to help meet Ethiopia's critical shortage of skills.

Working without salary, subsisting on the barest of living expenses, where do Hugh and Marty get their reward? Hugh replies: "I know of no other source of happiness as great as the smile on the face of a child just recovered from malaria, the warmth in the eyes of an orphan who realizes he's loved, the eager plunge into his studies by a kid who finds he *can* learn, the first sign of water in a well you've dug in an always-thirsty land, the shy 'thank you' of a mother whose child you've saved. How could one ask for more?"

PROTECT OUR YOUTH AGAINST DRUGS

HON. JAMES G. FULTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. FULTON of Pennsylvania. Mr. Speaker, it is with deep sorrow that I place in the CONGRESSIONAL RECORD the text of the following article which solemnly dramatizes the kind of personal tragedy which can be caused by the work of the professional drug pusher preying on the youth of our country. This excellent article appeared in the Pittsburgh Post-Gazette issue of Wednesday July 29, 1970:

FATHER OF DEAD ADDICT, 17, EXPRESSES RANCOR, GRIEF

(By Robert Voelker)

Joseph Faulisi looked into the coffin. In bitterness and grief, he said:

"I wish every drug pusher was forced to walk through this room and see my baby."

In the coffin—no longer tormented by heroin—was Faulisi's next-to-youngest child, Thomas, 17, who was the president of this year's graduating class at South Hills High School.

Homicide detectives said young Faulisi put a pistol to his head and pulled the trigger early Monday in the family home at 2304 Los Angeles, Ave., Beechview.

But the family says the trigger really was pulled by the drug pushers along Brookline Boulevard who hooked Faulisi first on marijuana, and later heroin.

Seven months ago, Faulisi was a bright, fun-loving and popular youth, looking forward to college and a career as an accountant.

"He was a wonderful boy," said the father. "I had all kinds of hope for him."

In the funeral home yesterday, the elder Faulisi—surrounded by his other children—traced his son's plunge into the hellish world of drugs in hopes the story might help other parents.

"It might do some good for someone else if they check on their children earlier," he said. "It might save someone from losing a son like I have."

It all started last January, said Faulisi, explaining. "Some wise guy gave him something to smoke, and it just went on from there."

By late March or early April, Faulisi was on heroin.

The dead youth's sister, Mrs. Joanna Alston, 2723 Philadelphia Ave., Dormont, said:

"His eyes would get soft and glassy-like. He would change very much, like Jekyll-Hyde. Sometimes he would keep to himself, and would be very miserable if anyone said anything to him."

In April, the truth came out, and young Faulisi spent 17 days in St. Francis General Hospital trying to shake off the craving for heroin.

He came out of the hospital and appeared to be cured, but the "cure" didn't last long.

The elder Faulisi said the youth got back on heroin, and developed a habit that apparently cost young Faulisi about $75 a day.

Then, last weekend, Faulisi apparently made another attempt to shake it. Mrs. Alston said:

"He was so sick. It was withdrawal symptoms. He begged us to help him."

The father said he told the youth to rest in the father's bedroom—and it was there where young Faulisi ended the struggle with a pistol shot.

"I WAS TERRIFIED"

"I found him," said Faulisi. "I was terrified."

Up to the very end, young Faulisi steadfastly refused to tell the family who was supplying him with heroin.

"He was so afraid to tell us who it was," said Faulisi. "I tried a million times. Even his own friends were trying and they couldn't find out."

The father added, "One time he told me, 'I'm not telling you because it would endanger your lives.' "

The dead boy's brother, Joseph Jr., was bitter over how easy it is for young people to obtain drugs in the area, and what he described as the lack of law enforcement.

"You can get it (heroin) anywhere on Brookline Boulevard," he said. "You can ask anyone for it."

MANY PUSHERS, HE SAYS

The area around Moore Park is infested with drug pushers, he said, adding: "That's the biggest dope center around here. The law doesn't do anything about it."

He pointed out his brother's death was the fourth drug-connected death in a week in Pittsburgh, and said angrily: "Someone's got to do something about it. This is worse than Vietnam."

Mrs. Alston, equally bitter, said, "It started with what they call harmless marijuana."

A funeral mass for Thomas was offered in St. Catherine's of Siena Roman Catholic Church, 1903 Broadway Ave., Beechview, Pittsburgh, Pa.

KOGO—A GOOD NEIGHBOR

HON. LIONEL VAN DEERLIN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. VAN DEERLIN. Mr. Speaker, this Monday, August 3, the KOGO stations in San Diego begin a notable service for Spanish-speaking persons both in the San Diego area and across the border in Mexico.

The facilities of KOGO–FM will be used to provide simultaneous translation, into Spanish, of the regular early evening NBC and local newscasts from the KOGO television outlet. A viewer who wants to hear the televised news in English need only turn down the volume of his television and tune in the KOGO station on the FM radio band.

Clayton Brace, general manager of KOGO stations and vice president of the parent Time-Life Broadcast, Inc., has assembled a team of bilingual students to make the actual translations. All have received special training for this unique assignment.

As a former newscaster, I am particularly impressed by the originality of this plan to make top caliber news programing fully available to an audience that otherwise might be excluded.

The pioneering efforts in this area of KOGO should also prove a model for other stations located near the border or in areas with large numbers of residents who are most comfortable with a language other than English.

A news release describing the new KOGO service follows:

KOGO–FM TO BROADCAST EVENING NEWS IN SPANISH

On Monday, August 3, 1970, the KOGO Stations will inaugurate an innovation unique in American broadcast journalism. Mindful of the innumerable and close associations which exist between San Diegoans and our friends in Baja, California, the KOGO Stations will begin a Spanish simulcast of KOGO–TV early news on KOGO–FM, 94.1 mc. This pace-setting concept will permit viewers a choice of listening to the 5:30 KOGO-

NEWS and the 6:30 NBC Nightly News in either English or Spanish.

The project has been in preparation for several weeks under the direction of Clayton Brace, Vice-President of Time-Life Broadcast and General Manager of the KOGO Stations. A group of nearly a dozen bi-lingual young people have been familiarizing themselves not only with the concept of the project, but the special nuances of translating news language. Most of the KOGO translators are college students and all are of Mexican heritage.

On each of the broadcast nights, Monday through Friday, at least two translators will be on duty. At 5:30, they will take their places in a special broadcast booth. Wearing earphones to listen to the English while watching a television monitor, the two linguists will alternate in live translation in Spanish, which will be broadcast on KOGO–FM, 94.1. Thus, the viewer at home who chooses to hear the Spanish audio translation will simply turn his TV set to Channel 10, turn down the volume and place an FM radio receiver nearby tuned to KOGO–FM, 94.1.

"This isn't the first time KOGO has opted for an abrupt departure from what has too often become routine," Brace said: "We have determined to provide a more realistic service for the nearly half-a-million Spanish-speaking people in our broadcast area. It's just been a matter of developing a plan which is at once workable and worthwhile.

"This concept is so simple," Brace concluded, "that we wonder why we didn't think of it sooner."

Translation of the NBC Nightly News is the result of an agreement between the network and the KOGO Stations, which also sets a precedent in the industry.

MARYLAND—THE BIG TREE STATE

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. GUDE. Mr. Speaker, a little known fact has come to my attention which I think should be of considerable interest to my colleagues in the House. Although my home State of Maryland ranks rather insignificantly in physical size when compared to some of the giants of our Nation, her contribution to the history, heritage, and scenic beauty of the United States is a matter of record. Her sweep from the ocean to the mountains, coupled with her amalgamation of a variety of cultures, traditions, and natural beauty have earned her the title of "America in Miniature." Those who visit Maryland are met with a gracious welcome, devoid of bravado which is so unnecessary when one modestly knows he has the best.

A new feather has been added to Maryland's bonnet. We are also the "Big Tree State." Of the 160 recognized species of trees for which records are kept, 53 national champions are within the borders of Maryland. This is not only of interest to botanists, arborists, and foresters, but is a further commentary on the diversification of interest, for those who live in and visit our State.

Because of Maryland's unique position midway between north and south on the Atlantic seaboard, flora combines many species of northern climes with those from the southern regions.

I am indeed proud that eight of these champions are in my congressional district, and equally proud that our entire State can claim a third of all the champions.

I call your attention to a recent statement from Maryland's Department of Natural Resources which fully documents our claim to the title of "Big Tree State":

ANNAPOLIS, MD.—Maryland has earned a new nickname, the "Big Tree State," having within its borders 53 national champion trees among the nearly 160 species for which records are kept by the State Department of Forests and Parks.

The Department is now up-dating its records on these big trees and requests the public to report outstanding specimens that might be included in its new compilation of giants.

While re-measurement and re-calculation of these records is a continuing program, an immediate project in which public cooperation is solicited involves re-writing of a 1956 publication entitled "Big Tree Champions of Maryland," written by the late Fred W. Besley, the Department's first State Forester, who served from 1906 to 1942.

Over the years since publication of the list of champs, more than have have been remeasured to reflect losses of old trees and new growth of younger specimens. At least a twenty percent change in the list is anticipated. The American Chestnut, not classified in the 14-year-old publication will be included in the revision.

Among the list of formerly recognized champions, 16 were at that time over 100 feet high, the tallest tree in the State being an Eastern Hemlock in Gorman, Garrett County, towering 127 feet. Among the national champion list Maryland's highest tree was a 120-foot Southern Red Oak in Cumberstone, Anne Arundel County. Not far behind was a 118-foot Willow Oak in Queenstown, Queen Anne's County, on the Eastern Shore.

Leading the list of political subdivisions in number of national champions were Anne Arundel County and Garrett County, each with seven. Anne Arundel had the biggest American Beech, Red Birch, Buckeye, Red Cedar, Southern Red Oak, Tulip Tree and Black Walnut. Garrett had the largest American Mountain Ash, Wild Crabapple, Sugar Maple, Wild Plum, Staghorn Sumac, Yellow Thorn and White Thorn anywhere in the country.

Not far behind the two leaders was Talbot County with its six national champions being the Shagbark Hickory, Black Maple, Black Mulberry, Basket Oak, White Poplar, and of course the grand-daddy of all White Oaks, the State Tree at Wye Oak State Park.

Montgomery County's five entries in the national list of champions included a Balsam fir, Black Gum, a Fruited Hickory, a Redbud Plum, and a Washington Thorn.

Queen Anne's County also had five, its champs being the Common Catalpa, American Linden, Honey Locust, Willow Oak and Osage Orange.

Prince George's County had within its boundaries as of 1956 four of the national champions, the Little Leaf Linden, the Overcup Oak, the Pitch Pine and the Pond Pine.

Harford County also had four in the national championship category, a Scarlet Oak, a Turkey Oak, a Table Mountain Pine, and a Bigtooth Aspen Poplar.

Howard County had three, White Birch, Hardy Catalpa and Blackjack Oak topping the national list in those species.

Somerset County's three national champs were a Common Hackberry, a Blue Beech Hornbeam, and a Flowering Dogwood.

Baltimore City had two with a Largeleaf Magnolia and a Caroline Silverbell. The northeasternmost sub-division, Cecil County, claimed the champion White Mulberry and Chestnut Oak. Kent County with its Wild Black Cherry, Charles County with the leading Virginia Pine, Carroll County's Native Sycamore, Worcester County's White Walnut, and Baltimore County's Yellowwood Varnish tree completed the 1956 list of national champion trees.

IMPORT QUOTA THEORY IS EXACTLY THAT

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. FISHER. Mr. Speaker, under leave to extend my remarks I include an article written by O. R. Strackbein, which appeared recently in the Washington Post. As is well known, Mr. Strackbein is one of the Nation's most knowledgable authorities on matters related to international trade.

In this article he deals with the subject of import quotas. For those who are really interested, this discussion can be very educational. It should go far toward settling some questions that have bothered a good many people. It should be read by all.

The article follows:

IMPORT THEORY QUOTA IS EXACTLY THAT

(By O. R. Strackbein)

Now that import quotas are receiving serious consideration by Congress a veritable chorus of caveats, warning against higher consumer prices fills the air.

The caution is, indeed, supported by classical economic theory which generally leaves itself a convenient escape hatch by way of a hedge. This is under the much-used phrase "other things remaining equal." In other words, import quotas will raise prices if other things do not upset the equation.

The trouble with the theory is that "other things" seldom remain the same. So, the economist is home safe.

One of the best ways to test a theory is to have recourse to pertinent facts in the premises. We may do this quite handily in this instance because the United States has only a handful of import quotas. They are confined with minor exceptions to sugar, wheat, wheat flour, raw cotton, dairy products, petroleum, cotton textiles.

If we trace the price trends of these products the simple pragmatic truth will reveal itself.

Sugar quotas, figured to a decimal point, have been in effect antedating World War II. The retail price of sugar in 1955 was 10.4 cents per pound. By 1968 it had risen to 12½ cents and reached 13.4 cents in April, 1970. This was an increase of 28.8 per cent over a period of 15 years. Consumer prices in general have risen 34.6 per cent since the 1957–59 period, a somewhat later period than 1955, but is the current base used by the Government. Food prices in general rose 32.4 per cent. In other words, the price of sugar lagged behind the general parade.

In the case of wheat and wheat flour both have been under a very strict import quota since 1941. The bushel price of wheat in

1950 was $2.22. In May, 1970, after a long period of decline, it was $1.53, or down a little over 30 per cent in price. Wheat flour, also under a strict import quota, had a price of $5.49 per hundred weight in 1950, followed by general stability, ending in January 1970, at $5.51, an increase of 2 cents in 20 years.

The price of raw cotton has also declined despite a stringent import quota that limits imports to about 5 per cent of domestic production. From a level of about 38½ cents a pound in 1955 the price decline quite sharply in recent years reaching 21.4 cents in April, 1970.

Here are four agricultural products that have been "protected" by import quotas for years. The price increased in two instances, but in only one was the increase even near the general price rise. In the two other instances there was a sizable decline in price, thus going against the general upward trend.

In the case of petroleum, of which we hear and read constantly, the price increase remained far below the general level despite the import quota. On a base of 100 using 1957–59 as the starting point, the price of refined petroleum products had risen to only 104.2 in May, 1970, compared with a level of 116.8 for all commodities. Coal, a competing fuel on which there is no import quota, meantime rose to 146.9 in the same period.

As for cotton textiles about which much has also been heard recently, only a very modest advance in wholesale price has been registered. On the 1957–59 base as 100, the May, 1970 price was only 105.8, or again far below the general price advance to 116. Cotton textiles have been under an import limitation for about ten years. The price on woolen textiles, which are under no import limitation, rose to only 103.8 during the same period, thus leaving little to choose between their price level and that on cotton textiles which were under limitation.

Dairy products (milk, butter, cheese) have also been under an import quota for a number of years. By May, 1970 the price stood at 135.4, where 100 represents the 1957–59 period.

This increase was greater than in the wholesale price of "farm products, foods and feeds," as a whole, which, of course, includes wheat and cotton which pulled down hard on the average.

Nevertheless the wholesale price of dairy products did not keep pace with that of pork (hogs) which rose 62 per cent since 1964, compared with 35.4 per cent. Yet pork imports were not restricted. If unlimited imports operate to keep prices down, why the greater rise in pork and coal prices than in petroleum, dairy products, wheat, sugar, etc., which were under import control?

Footwear imports zoomed greatly in recent years as all our ladies know. Imports are now supplying nearly a third of our market. There is no import quota. Yet what happened to footwear prices? They went well above the level for all apparel and distinctly above the rise in dairy prices.

What happens then to the economic theory? The answer: "other things" did not remain the same. Nevertheless the theory thrives and proliferates in the face of overwhelming contrary testimony.

POLLUTION OR CONSERVATION THERE IS NO CHOICE

HON. LAURENCE J. BURTON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BURTON of Utah. Mr. Speaker, with the widespread interest in the environmental problems we are faced with, I was interested to read an article in the July edition of the American Beef Producer. The American Beef Producer realizes there are no easy solutions to the pollution problem. Scores of experts are tackling it, but many of their proposals have drawbacks of their own. Nonetheless, a number of partial solutions have been set forth. The Producer offers some of them as food for thought. The article follows:

POLLUTION OR CONSERVATION: THERE IS NO CHOICE

Ecology is in. Conservation is no longer the exclusive province of the conservationists. Everyone is getting into the act. And this is good. Modern man has made technology his god and nature his servant when a reverse approach might have served him better. Cattlemen and farmers who have long realized nature is not all-forgiving tend to view the new concern with a sense of irony. They know what has been depleted must be replenished if crops are to grow; money and machines are not the solution to all problems.

With a much deeper sense of irony the cattleman hears the voices of criticism leveled against him. When one views the suburbs and the cities with their autos and smokestacks creeping toward his fences, it is difficult to accept guilt. The cattleman has long been a conserver of land, both private and public. He has improved the ranges, dredged streams, grassed waterways and fertilized otherwise useless acres.

Mr. Ned D. Bayley, Jr., director of science and education, USDA, has said, "Ranchmen and farmers know more about and are more aware of the needs of a well-balanced environment and its benefits to the health and welfare of animals and living things than anyone else. They work with land and water and they manage these resources as well as they can."

But with the increases in population and the need to feed more and more people, new industries have sprung up and new problems have accompanied them.

One good example is the cattle feeding industry. Confinement feeding began as a small, on-the-farm venture. Feed pens were built to provide adequate drainage; the natural design sloped toward ditches and streams. Runoff was considered "background pollution," part of nature and not to be of concern. At the time, farms and ranches were isolated, and unless such pollution affected one's own water supply or that of his neighbor, there was little cause for concern.

Today, things have changed. Men no longer live in isolation. Feeding is big business—growing every day—and feedlots concentrate where grain supplies are ample. Streams flow into towns and cities and both surface and ground water are an important source of urban water supplies.

Every time there is a moderate or heavy rainfall, water crosses manure in feedlots, picking up contaminants as it goes. The longer water is exposed to the manure, the greater the level of contamination.

The problem is not a new one, but increased urbanization and increased numbers of cattle on feed have brought about a heightened degree of awareness within and outside the cattle industry. Unlike several industries charged with polluting the environment, cattlemen have been quick to realize the need for change and to ask for ways to improve.

In several states, cattlemen have served on boards and commissions devising animal waste control regulations. ANCA's President W. D. Farr has been appointed to President Nixon's Water Pollution Control Advisory Board. Immediate Past President Bill House served on the pilot (Steering) Task Group of the Missouri Basin Federal Water Pollution Control Administration. The California Cattle Feeders Association recently allocated $25,000 for a study of feedlot dust, odor, and the disposition of cattle manure. Numerous individual feeders have voluntarily sunk large amounts of time and money into setting up waste control systems.

Because the problem of feedlot runoff is newly recognized and defined, few concrete programs have been set forth. Much research is yet to be done. But the problem has been recognized and voluntary action can be undertaken now.

The first is to reduce the amount of water crossing the feedlot. This can be done by digging trenches or drains above and around pens to divert the flow of rainwater. This water can be returned directly to streams or canals. Pens should also be drained well to reduce the amount of time rain water covers the manure.

Secondly, the link between feedlot and stream must be broken. Water inevitably crossing the pens must be diverted.

One solution is a sealed pond into which runoff water flows. Such detention ponds may be self-sealing if soil conditions are right. Otherwise they may be sealed with plastic, bentonite, clay, or concrete. Banks or dams should be built up around ponds to prevent overflow during especially heavy runoff.

Once runoff is contained, it must be disposed of. Pumping the liquid onto crops is the simplest and probably best method of disposal; but the combination of heavy runoff and wet fields from a long or hard rainfall creates problems. Runoff water should not be held in detention ponds for more than nine days. After that period, it will turn black, septic, and odorous.

A second solution is an aerobic lagoon. These operate on the same principal as a septic tank and must be under five feet in depth for air and sunlight to have beneficial effects on the runoff. However, the need for a shallow structure often makes the necessary land area prohibitive.

To improve the quality of runoff water to the extent that it may be returned to streams requires a multiphase approach similar to that used by municipal sewage treatment facilities. Thus, at this time, cost is an obstruction.

The South Dakota State University Agricultural Experiment Station suggests terraces constructed to receive feedlot runoff as a possibility on near-level ground. A similar alternative is shallow dikes, pitting, or trenches to catch runoff and hold it until it can seep into the ground.

SDSU researchers report consolidation of animals in pens may help, reducing the runoff area per animal.

Frequent removal of manure from pens is not only impractical, it is ineffective unless carried out more often than once every two weeks.

Construction of covers or complete enclosures of pens is initially expensive but may be practical in the long run for small feedlots in areas of high rainfall. Properly built, and with proper diversion of water from above, virtually no water should cross manure-laden areas.

Cattlemen face many problems, but they do not face them alone. State regulation programs often combine assistance with restrictions. In Kansas, the Department of Public Health provides advisory consultation by staff engineers who work with feedlot operators relative to the extent of control necessary, the development of a pollution control plan, and design of control facilities.

Control requirements are varied to meet the needs of the operation under consideration.

The Federal Water Quality Administration (FWQA) of the Department of the Interior is sponsoring a research and development project by the Midwest Research Institute in Kansas City, Mo., on the possibilities of burning animal waste. FWQA is working with a Kansas feedlot on animal waste disposal on land and working jointly with the Agricultural Research Service (ARS) centers in Fort Collins, Colo., and Lincoln, Nebr.

The USDA has become deeply involved in finding answers to feedlot waste disposal problems. In addition to ARS, research is being conducted by the Agricultural Experiment Stations and the land grant extension agencies.

The Great Plains Conservation Program (now underway and funded through 1981) provides for costsharing on disposal of animal wastes in 10 midwestern states. Individual ranchers and feedlot operators may contact county or state offices of the Agricultural Stabilization and Conservation Service for information and for plans for livestock sewage lagoons. In addition, the Soil Conservation Service (SCS) in each state has drawn up specifications for disposal lagoons tailored to meet Federal and state regulations.

USDA's Ned Bayley says animal waste control is gaining new recognition with the concentration of livestock in small areas and the spread of residential communities into formerly rural areas. "We don't know how to solve it yet," he admits, "we need more research."

Odor is another problem feedlot operators face, a problem heightened by urban encroachment. Dr. Hansen of Fort Collins points out high humidity increases odor, thus adding to the need for adequate drainage. He suggests windrowing the manure as a possible solution. This exposes it to the drying effects of air and sunlight.

A Phoenix, Ariz., firm has developed a biochemical spray which hastens bacterial breakdown of odor-causing animal wastes. In test programs it is proving at least partially effective.

An Ohio firm, on the other hand, has developed an organic waste conversion system which processes up to 2,000 pounds of wet manure an hour, converting it to a dry (8–10 percent moisture) organic matter with good fertilizer value.

Hansen points out some feeds have a stronger odor than others. In addition, certain bedding materials, such as wood chips, seem to control odors more effectively than straw or dirt.

In spite of the priority accorded waste managements, it is not the greatest problem, but the newest. According to Bayley, "sediment and siltation is still our biggest polluter of water. Urban and suburban construction, natural stream erosion, and highway construction all expose valuable top soil which runs off into our streams and rivers."

The rancher has long recognized the soil as his ally. As long as we continue to graze cattle on the Great Plains, or in any area of the country where the wild grasses grow, we must live in harmony with the range. Bayley calls "conservation ranching" the stockman's number one job.

The USDA, through Soil Conservation Districts (SCD), works with ranchers to develop ground cover for range lands. For example, since the mid 1950's, one and one-half million acres of land have been converted from crops to rangeland when the soil was best suited to natural grasses. An additional 1,750,000 acres of rangeland have been reseeded.

The SCD advises ranchers on building trails to work with the natural contours and grading of the land. For those stockmen seeking help for range management and soil conservation programs, Bayley suggests any one of a number of booklets. Available are: "How to Control a Gully," Farmers' Bulletin number 2171; "Grass, the Rancher's Crop," SCS leaflet number 346; and "What Is a Ranch Conservation Plan?" SCS, PA–637. Bayley suggests cattlemen write their local SCS office or extension agent for these and similar publications.

Good range management, according to Dr. C. Wayne Cook, head of the Department of Range Science at Colorado State University, is simply good business. The best way to determine carrying capacity, he says, is simply to maintain high vigor of grasses. If vigor is good, the range is not being overgrazed. If plants deteriorate, it is. "And," says Dr. Cook, "if a man can't tell healthy range growth as well as he can tell a healthy steer, he'll never be a successful rancher."

Allowing deterioration of the range can have serious consequences. Heavy grazing in the days of settlement in Idaho caused drastic decline in the herbacious species. The woody species, especially big sagebrush, increased in amount.

A severely deteriorated range, according to Dr. Cook, may take from 20 to 100 years to build back. If the range has deteriorated to very few parent plants, chaining, railing, burning or herbicides may be used to rid the area of undesirable plant species, giving parent plants an opportunity to grow.

Dr. Cook is a strong defender of the judicious use of herbicides—including 2,4,5–T and 2,4–D. "I think they are safe if used with any discretion at all," he says. "I feel the research questioning the safety of 2,4,5–T was a false alarm. The materials were contaminated and the findings were erroneous.

"It's foolish for people to become emotional," he says. "Our own bodies and the plants themselves produce the same toxins all the time. You could kill your own children with overdoses of spinach or rhubarb."

He is not so positive about the uses of pesticides, however. "We don't know what decomposers in the soil are affected by pesticides. Organisms are affected only slightly by T,4,5–T and 2,4–D."

Dr. Cook concedes that infestations of pests such as range caterpillars are indeed "local catastrophes," but, he said, "in my thinking, we don't know the range insects' impact or role in the ecosystem. What we know is these onslaughts come up and then recede through overcrowding, disease, and the insect's own social conditions. We must learn to live with them." He added, "We're not going to be able to get rid of all insects and weeds."

Wayne J. Colberg, North Dakota State University entomologist and pesticide coordinator, takes a different view. "Pesticides," he says, "can be among the safest of our chemical tools for both agricultural and home use."

Colberg believes only by constant vigilance and the careful use of modern pesticides can we preserve the beauties of nature and economically produce food of the quantity and quality we have learned to expect. "The tremendous advances in medicine aided by wonder drugs are paralleled in pest control by the newer chemicals."

Nonetheless, Colberg cautions, all pesticides are hazardous when used improperly or stored or disposed of in a careless manner. But, he concluded, dangers are potential—not inevitable. When pesticides are properly used, they are an asset rather than a liability.

The American National has long advocated proper use of agricultural chemicals, and cautioned against careless handling.

Burning in place of herbicides is another useful brush control method when sensibly used, according to Dr. Cook. "We're going to have to feed the population," he points out.

Dr. Cook suggests plowing and reseeding rangeland only when the soil is of such rich potential and the growth so poor that a rancher can't afford to wait for natural regrowth. With good potential, seeding of natural or introduced species can increase yield up to 20 fold.

He suggested rest and referred grazing systems as the best methods for increasing vigor of natural grasses and for improving ground cover. "If pastures are in severe condition, I would suggest not grazing at all for a year and then resting the range for a season at a time. The most important thing to remember is when vigor goes down, the range will give way to invading, unpalatable species."

There are approximately 230 million acres of private and 170 million acres of public rangeland in the 17 Great Plains and Mountain States, Dr. Cook estimates. On three-fourths of these acres, he figures, cattle are grazed. "With such vast amounts of the nation's land entrusted to our use, no cattleman can do less than give the range his most careful stewardship."

As increasing demands are made for beef, the wise use of rangeland and efficient means for disposal of wastes will be of even greater priority. Are there wholly satisfactory solutions? Hopefully yes, but perhaps not. Nonetheless, there will be no turning back. For we have realized pollution control and conservation ranching must go hand in hand.

JOHN C. KUNKEL

HON. JOSEPH M. McDADE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 27, 1970

Mr. McDADE. Mr. Speaker, we have witnessed this week the passing of our former colleague from the 16th Congressional District of Pennsylvania, John C. Kunkel. It was a loss that all of us must note with sadness, because this was not only the death of a friend, but the passing of a man who seemed to be part of the living heritage of the highest meaning of service in America.

In a line tracing back to Jonathan Dickinson Sergeant, who served in the Continental Congress, his ancestors had served the America they loved, many of them sitting in this very Congress in which we serve today. From the day when he was first elected to the 76th Congress, he gave his constituents the devoted and intelligent service which is the true mark of the public servant, and in serving his constituents he served the entire Nation.

He was my friend. From my earliest days in Congress, he was one man to whom I could turn for wisdom, and he was generous in giving me his time. I had hoped that in his retirement he would have many, many years with his beloved wife, Kitty. I mourn his passing with the deepest regret. We have lost a distinguished public servant, a splendid patriot, a fine friend.

ASSISTANCE FOR FEDERALLY CONNECTED HANDICAPPED CHILDREN

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. QUIE. Mr. Speaker, I am today introducing a bill, which is cosponsored by a number of my colleagues on both sides of the Committee on Education and Labor, which would amend Public Law 874—aid to federally impacted school districts—to recognize the high costs of special programs for handicapped children.

The bill proposes a very simple and straightforward amendment to impact aid. Any federally connected child who is counted under the law, and who is a handicapped child or a child with a specific learning disability—both as defined in Public Law 91–230—for whom the school district is providing a program designed to meet his special educational needs, would be counted as two children for the purpose of determining the amount of the payment to the school district. In short, handicapped children in special programs for such children would entitle the school district to a double payment. This would recognize that the costs of such special education programs exceed those of regular programs, and that on the average the special programs cost about twice as much. For some types of handicap, of course, the costs are far higher, but it is not administratively feasible to compute the precise additional costs in thousands of separate programs, so this simple administrative device of double counting provides a degree of equity which on a national basis would come out about right.

Mr. Speaker, there are a number of reasons why my colleagues and I have introduced this bill. First, it came to our attention that military personnel with handicapped children often request assignment to bases where the local school districts have special programs for their children. This is understandable, and we feel that the military services follow a proper humanitarian policy in granting such requests when they can do so consistent with military needs. However, this does throw an additional burden upon such school districts for which they are not compensated under the existing impact aid legislation.

Even where this situation does not exist, we feel that the impact aid legislation, which supposedly relates payments to the local costs of education, ought to take into account the higher costs of special education for handicapped children. Those of us interested in this problem have encouraged the States in their State-aid formulas to recognize and compensate school districts for these extra costs, and we feel that the Federal Government should do no less in the one Federal law which recognizes a special Federal responsibility for reimbursing local school districts for the cost of educating federally connected children.

Finally, we deeply believe that every child in America with special educational needs ought to have those needs met. We are, of course, very far from realizing this ideal, but a number of pieces of Federal legislation now embodied in title VI of Public Law 91–230, the Education of the Handicapped Act, provides significant Federal leadership in working toward this goal. The bill I am today introducing is one more step in that it would encourage those federally impacted districts which do not have special programs for the handicapped to adopt such programs.

There are one or two additional points to be made in explaining this bill. The first is that it would not qualify any district for assistance which is not now receiving assistance. The double counting would affect only the amount of the payment to an eligible district, and could not be used to meet minimum numbers or percentages of children specified in the act for eligibility.

Also, it is important to note that the school district would actually have to have a program in which the handicapped child was enrolled, and that the program would have to be of sufficient size, scope, and quality—taking into account the special educational needs of such children—as to give reasonable promise of substantial progress toward meeting those needs. In administering these requirements—which are identical to those of title VI of Public Law 91–230—the Commissioner of Education would work with and consult with the persons in the various State education agencies who are responsible for special education for handicapped children. We feel that these are wise and necessary precautions to assure that the Federal Government will be encouraging and paying for programs of good quality.

Mr. Speaker, many of us have been critical of various aspects of the impact aid program, and indeed I am the author of a bill which would substantially change and, I feel, reform that program. However, the bill introduced today in no way adversely affects proposed reforms. It would fit into any of the changes I have heard suggested for the program. In effect, we are saying that, however, the impact aid program is structured it should take into account the higher costs of special education for handicapped children.

I urge the speedy consideration and enactment of this bill.

MAN'S INHUMANITY TO MAN—HOW LONG?

HON. WILLIAM J. SCHERLE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. SCHERLE. Mr. Speaker, a child asks: "Where is daddy?" A mother asks: "How is my son?" A wife asks: "Is my husband alive or dead?"

Communist North Vietnam is sadistically practicing spiritual and mental genocide on over 1,500 American prisoners of war and their families.

How long?

CLEVELAND'S GEORGE SZELL: MUSIC GENIUS FOR THE WORLD

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. VANIK. Mr. Speaker, last night, Maestro George Szell, the famed conductor of the Cleveland Orchestra died, ending a brilliant musical career of over 60 years. We in Cleveland are deeply saddened by the loss of this superb man of music.

My family and I were privileged to attend Dr. Szell's last concert in Washington last January. We were charmed by the warm interlude we shared with him at intermission. It was a privileged experience. His talent and brilliance brought the audience once again to a spontaneous, prolonged standing ovation. We were also fortunate to share Dr. Szell's celebration of the Cleveland Orchestra's 50th anniversary when the orchestra played on that occasion at a special Washington concert. At that time, Dr. Szell and his beloved orchestra were singularly honored with the establishment of a special section of seats in their name at the John F. Kennedy Center for the Performing Arts.

Dr. Szell's intense desire to help young people understand and appreciate classical music was consistently demonstrated in his strong support of an extensive annual young people's concert program begun many years ago under his personal direction.

Dr. George Szell was a very special, gifted human being who was relentlessly seeking musical perfection. He was demanding in that search and could help a talented musician achieve levels of musical achievement few in the world could inspire. While some labeled him a "tyrant" for this trait, none could dispute the magnificent results which he alone could achieve.

Born in Budapest on June 7, 1897, George Szell became a reincarnated Mozart, enchanting the world with his musical genius. His unexcelled musical skill led him to conduct every major orchestra in Europe by the time he reached 40 years of age and all of the Americas' orchestras by his 50th birthday.

Since 1946, under his leadership and guidance, George Szell has transformed the Cleveland Orchestra into the best orchestra in America, having instilled in his musicians an undefinable musical awareness that inspired them to unexcelled performance.

His many honors included the French Legion of Honor's rank of chevalier; he also was awarded honorary doctoral degrees by both Case Western Reserve University and Oberlin College, both in Ohio.

We who were blessed to encounter this man of genius will always remember his vibrance and brilliance. Our world and the world of art grieve his passing. We know his teachings will continue in his inspired musicians and works which remain.

Following is an article from the July

31, 1970, New York Times which attempts to describe a part of Szell's great genius:

POWER AND ARTISTRY—SZELL, GREATEST SINCE TOSCANINI, ACHIEVED GLAMOUR WITH NO TRICKS

(By Harold C. Schonberg)

George Szell on the podium exuded confidence, power and mastery. No professional musician ever disputed his sheer mastery of the craft of conducting. There were those who called him arrogant and there were others who accused his interpretations of being somewhat pedantic. But none ever had anything but admiration for his knowledge, his ear, his incisive and clear beat, his ability to balance the various choirs of the orchestra into a homogeneous, breathing texture.

By and large, Mr. Szell was accepted as the greatest conductor after Toscanini. His specialty was the Austro-German school—the music of Haydn, Mozart, Beethoven, Schubert, Schumann, Brahms, Mahler. He did not program very much French music, nor did the Russian composers occupy a prominent place in his repertory. It was in the great mainstream of German music that Szell was preeminent. There his combination of musicianship, power and finesse, and his insistence on a tight ensemble that approached the chamber music ideal, made itself most strongly felt.

IMBUED WITH PERSONALITY

Like Toscanini, Mr. Szell was a precisionist and a literalist; but, again, like Toscanini, he never carried his literalism to the point of dogma. He tried to keep any musical eccentricity away from his conducting, to subjugate his ideas to the message of the music. But any interpreter with so powerful a mind and so many decided ideas about music would inevitably make his own presence felt, and so it was with Mr. Szell. His interpretations followed the letter of the score, but also were imbued with his own personality.

It was a very strong personality, and a protean one. Like all conductors of his generation, Mr. Szell was trained in the opera house, and he knew the operatic literature as well as he knew the symphonic. In his last years he did not conduct opera, but those who heard his blazing performance of the Verdi Requiem several years ago realized that not since Toscanini had there been a Verdi performance of such intensity and passion.

His knowledge extended to the piano and chamber literature. An unusually skillful pianist, he enjoyed playing chamber music, especially the music of Mozart; and his recordings of the two Mozart piano quartets had the same quality, bouncing rhythm and elegance that he brought to the Mozart symphonies.

The antithesis of flamboyance, Mr. Szell used relatively restrained conducting motions and was never interested in being one of the glamour boys. His beat was a model of clarity and precision, and he was strictly business on the podium.

SUPREME AUTHORITY

Despite himself, however, he had glamour. The air of supreme authority with which he addressed himself to music washed over the footlights into the audience. One attended a Szell concert knowing in advance that, whatever points of disagreement might arise in his interpretations, the execution would be flawless. Under George Szell the Cleveland Orchestra has been as responsive and virtuosic an orchestra as the world can show. Many honestly believe it is the greatest.

What makes a great conductor? Style, technique, a perfect ear, an ability to convey ideas, an inner X-ray of the score.

All of these Mr. Szell had. And he had something else, that mysterious factor called the ability to command. Without this, no conductor can bend the 100-plus virtuosos of a great symphony orchestra to his will. With one glance of his eye, one tiny motion of his baton, Mr. Szell dominated any orchestra he faced. He was the ultimate authority and, like all great conductors, he knew it. He was a master and a dedicated musician; and one can say of him, as Anton Rubinstein said of Liszt, that compared to him nearly all other conductors are children.

THE NEED FOR STRICTER LEGISLATION IN THE AREA OF BOATING SAFETY

HON. LOWELL P. WEICKER, JR.

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. WEICKER. Mr. Speaker, the following is an article which appeared in the June 22, 1970, edition of the Christian Science Monitor. Mitch Kurman, a constitutent of mine has been a longtime supporter of having stricter regulations enforced in the area of boating safety. I thought it was an excellent article, and should be brought to the attention of all Members, as well as boat owners and users all over the country.

Increasing numbers of Americans are climbing aboard small rented or private pleasure boats for sport or for fun. Yet few boat operators have more than scant knowledge of how to insure their own and their passengers' safety, experts bewail.

Many operators have little or no boating skill. Frequently crafts pull out from the dock with minimal safety equipment—lacking even life preservers for occupants. And with more and more boats appearing on American waterways each year, the possibility of collisions between equally unprepared, unskilled boat operators grows greater.

"Beyond a few scattered state laws, the situation [on lakes, rivers, and along the coast] is very close to anarchy," says Mitch Kurman. He is a Westport, Conn. furniture salesman, who for the past five years has been a determined crusader for boating-and-youth-summer-camp safety. His crusade began after his son perished in a boating accident while at a youth camp in 1965.

"The problem of boating safety has been with us for a long time, and rather than diminish, it grows worse each year," he says.

His efforts alone have helped stem the tide. A persistent lobbying campaign by Mr. Kurman in New Hampshire, Massachusetts, and New York helped push through laws requiring life preservers for all boat occupants.

But he says these and other state laws inadequately protect water-sports enthusiasts from themselves and others. New Jersey, for instance, is the only state that requires drivers' licenses for boat operators. Several states require life preservers, but only on nonpowered boats.

The need is for comprehensive federal regulation, Mr. Kurman maintains. But he describes a boating-safety bill now in the United States Senate as "a small faltering step rather than the forthright stride that is needed."

This bill, S. 3199, would "encourage and assist participation by the several states, the boating industry, and the boating public in the development of more comprehensive boating-safety regulations" and national standards for construction of boats and related equipment.

Mr. Kurman views the bill as more designed to aid the boating industry—hurt because of public concern about safety—than to protect boaters.

"I want meaningful legislation, but I am not compromising on life and safety to say a bill I fought for has finally been 'won' . . . simply because another law has been added."

Mr. Kurman charges that the Coast Guard doesn't want the job of policing the thousands of small boats that ply American waters.

He also charges that Coast Guard officials don't want to trouble the waters of peaceful relations they maintain with the boating industry. The reason is, he says, when Coast Guard officials retire, they move into jobs in the boating industry.

Boating is big business. At last count 43.2 million Americans were cruising aboard 8.6 million privately owned boats. And industry sales had reached $3.2 billion.

In the April issue of Boating magazine, Mr. Kurman wrote, "Long overdue legislation including operators' licenses, would actually benefit rather than hurt the boating industry. . . .

"Certainly the automotive industry has not been hurt by basic licensing, and the revenues derived have helped build our highways. The menace on our roadways is not entirely eliminated, but it is to a great extent under control—only because of licensing."

He adds that "it is no feather in the cap of most of our state governments that literally anyone can buy and operate any boat, regardless of competence or even sanity, and whether or not he has any knowledge of the workings of the craft or even a basic knowledge of our waterways and Rules of the Road."

In the article, he says his own investigations in recent years have brought to his attention inexcusable boating accidents.

"In one case a speeding powerboat cut a smaller boat in half and two children were drowned. Although the operators of the powerboat were intoxicated at the time of the accident, nothing was done about it."

He also cites an operator who pulled his rental boat away from the dock but then found he didn't know which way to move the throttle to slow down. The boat accelerated and climbed up a launching ramp. The novice boatsman escaped injury, although the bottom of the boat was torn off.

In Connecticut, he says, a small boat with an operator and five children on board pulled out from the dock in spite of the harbormaster's warning about weather conditions. They had only two life preservers aboard. When the boat wound up on a reef only the two children with preservers survived. The law prohibited the harbormaster from stopping the craft from leaving port. Nor could he insist that everyone have a life preserver.

Rear Admiral Joseph J. McClelland, chief of the United States Coast Guard's Office of Boating Safety, favors "minimum federal involvement" in the enforcement of boating regulations, Mr. Kurman says.

[Admiral McClelland has explained that this is based on "the assumption that the states can develop excellent safety programs with our active assistance."]

But in Mr. Kurman's view, this is "outright avoidance of the problem."

These are teeth he advocates putting into federal legislation:

"A knowledge of buoys, channel markers, and which boat has the right-of-way should be knowledge basic to all operators.

"Technical aspects should include "maximum capacity" plates in terms of weight of passengers and horsepower of boat motors.

"Floatation is so inexpensive, so simple to apply that no excuse exists for omitting it. In most cases it is a light styrofoam, easy to apply. It would prevent the heartache at least one Connecticut family experienced when a small, inexpensive boat without floatation tipped, filled with water and drowned a child." The boat sank like a bath tub.

"Standard equipment should include a life-saving device for all on board. A small fire extinguisher, a good, serviceable rope with sufficient length, and an anchor heavy enough to hold are also basic."

ODE TO THE PSEUDO ECOLOGIST

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. TEAGUE of Texas. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include a poem written by State Senator Don Christy of the 27th District of Kansas appropos to our times:

ODE TO THE PSEUDO ECOLOGIST

Here's to the world of dedicated men
Devoted to the world as it once has been.
The vast prairie regions so often to burn
To maintain the ecology for which they yearn.
The forests aflame was the name of the game
In order to keep the ecology the same.

His home, his carpets, his furniture to share
With ants, the cockroaches and termites then there.
The lice, the mites, and the typhus louse
That shares its abode with the rat and the mouse.
The flies, the mosquitos, the wood tick
His malarial blood with them to share.

The scanty food so mitely grew
The worms in the apples they hastly threw.
The scaly peaches and the prickly pears
Told of the foods that once were there.
The weeds in the corn field so mightly grew
The adequate food we once knew—where?

The salt, the sulphur, the limestone to ban
Because it just might, poison a man.
The essential trace elements so important to life
They would ban as a poison dangerous to wife.
When for food there was so much strife
The population reduced to the ecological life.

The dangerous gasses from fire they would ban
To breathe the same odors from the swamp and the land.
For the gasses from burning are one and the same
As those from the rotting plants of the same name.
The products from burning or from rot
Are roughly the same like it or not.

The products of burning of butane and gas
Of oil and gasoline are of the same class.
To be washed from the air by the rain and the dew
For the plants to use, themselves renew.
But those that are seen are morbidly adue
To use the unseen they lustily do.

The fish that are killed by the forests, the plain
The ravages of man, so they maintain.
The animals that burn by the fires of the plain
Are not true of nature they maintain.
The ravages of nature of the great locust plague
Are thoroughly forgotten or are very vague.

To the dedicated men with ants in their pants
That would turn the clock backward without a forward glance.

To sacrifice so much to a slogan
They would be glad to return to the hogan.
The world to return to what it had been
In a time when there were so few of men.

AD HOC SUBCOMMITTEE REPORT ON HOME FINANCING PRACTICES AND ABUSES

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mrs. SULLIVAN. Mr. Speaker, the Home Loan Bank Board has just this week issued a series of proposed regulations dealing with conflicts of interest on the part of directors and officers of federally insured savings and loans, and with the extent of democracy, or lack of it, in member-owned savings and loans. These proposals are of tremendous importance in assuring the integrity of depositors' funds in the federally insured savings and loans, and in preventing the kind of insider dealing on the part of a few institutions which have occasionally brought discredit on an entire industry—an industry which plays the most direct role of any industry in our economy in achieving the housing goals of the American people.

Last year, following a series of articles in the Washington Post describing how a federally insured savings and loan institution in Washington was virtually destroyed by insider deals with slum property speculators, and tracing the exorbitant prices charged to many trusting families for residential property they purchased in the District of Columbia from speculators financed in whole or in part by savings and loans, Chairman PATMAN of the House Committee on Banking and Currency appointed me as chairman of an ad hoc subcommittee to make a study of the conditions described in the Washington Post articles to see if new legislation is necessary to prevent such abuses.

The subcommittee included Representatives JAMES M. HANLEY of New York, FRANK J. BRASCO of New York, CHESTER L. MIZE of Kansas, and J. GLENN BEALL, JR., of Maryland. We held comprehensive hearings last summer and fall, both in open and executive session, visited many of the properties which had been the subject of questionable financial transactions, and filed a subcommittee report to the full committee in May of this year.

Although the report dealt primarily with conditions we uncovered and studied in the District of Columbia, the information we developed led the subcommittee to conclusions which apply to the operations of all federally insured savings and loans. The proposed regulations of the Home Loan Bank Board bear directly on the subcommittee recommendations, and make the ad hoc subcommittee report of wide interest to every one who manages, invests in, or borrows from a savings and loan.

SCOPE OF INVESTIGATION

Much of the report deals directly with the situation in the District of Columbia, and we included the results of a survey of District of Columbia savings and loans on their dealings with their own officers and directors; on the volume of loans to absentee owners; on the volume of loans to residents of the inner city area; on tie-in relationships between officers or directors of one savings and loan with those of another; on appraisal methods and foreclosures; and on single borrower loans. Our investigation raised many questions about the adequacy of existing laws and regulations, not only for the District institutions but nationally.

Thus, in our report we went into Federal regulatory policies as they involve appraisers on Government-insured or Government-assisted housing loans; title companies and settlement practices; the use of straw parties in artificially raising the alleged prices and therefore the mortgage levels of residential properties; and the need for changes in laws and regulations on property transfers. The new regulations just proposed by the Federal Home Loan Bank Board relate to some of those findings.

CONCLUSIONS AND RECOMMENDATIONS

Representative BEALL resigned from the Committee on Banking and Currency to accept appointment to another committee prior to the conclusion of the ad hoc subcommittee investigation, and hence did not participate in the writing of the report. The four remaining Members joined in the following conclusions and recommendations:

CONCLUSIONS AND RECOMMENDATIONS

Throughout this report the subcommittee has made recommendations on the various areas covered in its hearings. Most of these recommendations could be carried out through the simple amendment of regulations pursuant to long-established statutory authority. But, experience has shown that Federal agencies are more often than not loathe to act upon a mere committee report which is not binding upon them. It is therefore the recommendation of this subcommittee that its proposals take legislative form and be introduced as amendments to existing law.

In summary, we have recommended—

(1) Comprehensive regulation of savings and loans in the District of Columbia;

(2) Expansion of the definition of "conflicts of interest" for directors, officers, and employees of savings and loan associations, regulating their own involvement in the business of real estate for their personal gain through the use of their own or other savings and loan institution;

(3) Additional and more realistic limitations on "single borrower" loans. These regulations should set firm limits on the portion of an association's total assets and the number of loans that can be made to single borrowers;

(4) A statutory definition of "appraisals" which includes criteria for the qualification of appraisers. Statutory liability for faulty appraisals rests on the persons or organization selecting the appraiser;

(5) The regulation of the interest of directors, officers, and employees of savings and loan associations in title companies, settlement houses, appraisal organizations, and similar institutions who do business with savings and loans;

(6) That all deeds in federally related transactions be required to show on their face the consideration paid and the interest of the parties thereon;

(7) A uniform-settlements law including uniformity of forms and procedures, clear explanation of charges and accounting of the nature and purpose of disposal of the proceeds of the sale. Elimination of duplicate title services and added title insurance premiums and lengthy settlement procedures

where property is purchased for redevelopment or rehabilitation.

(8) Elimination of straw parties except where necessary for legitimate business reasons; and

(9) Establishment of a special office in the Department of Housing and Urban Development to afford educational, consultative and form preparing services to individuals and organizations involved in promulgating Federal housing programs.

One of the Home Loan Bank Board's basic responsibilities in meeting the congressional intent in establishing the Federal Savings and Loan program and the Federal Savings and Loan Insurance Corporation, is protection of the shareholders' funds placed in the local savings and loan institution. Some of the legislation mentioned here as tools of the Home Loan Bank Board to stop these activities had not been enacted into law until recently. For example, the all important "cease and desist" legislation, the Financial Institutions Supervisory and Insurance Act became law at the end of 1966 and regulations were not promulgated until June 1967.

The housing needs of this Nation will never be met by financing from the private sector so long as the commercial banks of the District and the Nation consider that their first and perhaps only responsibility is to make as much money as possible in the shortest amount of time with the least amount of risk, and so long as the savings and loan associations of the District and the Nation conclude they have fulfilled their responsibility to promote thrift and homeownership by placing most of their energy and assets at the service of middle and higher income families.

The time has arrived to call the private money sector of the Nation's economy to account and determine whether it can and will meet the housing requirements of all the Nation's people or whether new public vehicles must be designed and established to fill the unmet need.

COPIES OF REPORT NO LONGER AVAILABLE

Mr. Speaker, because of the application of some of the findings of the ad hoc subcommittee to the operations of savings and loans generally, and the proposals in the report for changes in law or regulations which would affect every federally insured savings and loan institution in the country, the demand for copies of our subcommittee report was so heavy that the limited supply of copies was quickly exhausted. We have received numerous requests for this report which we cannot fill.

Therefore, under unanimous consent, I submit herewith for inclusion in the CONGRESSIONAL RECORD, where it can be made generally available to all who have need for it, the text of our report to the Committee on Banking and Currency from the ad hoc subcommittee on Home Financing Practices and Procedures, as follows:

REPORT AND RECOMMENDATIONS OF THE AD HOC SUBCOMMITTEE ON HOME FINANCING PRACTICES AND PROCEDURES

HON. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The savings and loan industry has played an enormously effective role over the years in pursuit of its stated objective of promoting home ownership, helping to transform the American people from a nation of families housed mostly in rented accommodations to one in which the majority of families own their own homes, or are in the process of buying them. This has been one of the most important social and economic developments of the last 35 years, and the savings and loans deserve a great deal of credit for their contributions to these objectives.

Federally chartered or insured savings and loans are subject to regulations by the Federal Home Bank Board and by the Federal Savings and Loan Insurance Corporation, agencies established by Congress to protect the equity of shareholders in the insured institutions and to assure high standards of probity by the directors and officers of the insured institutions. Hand-in-hand with the imposed responsibilities for honest and upright conduct go significant benefits from the Federal Government, not only in the insurance of the safety of deposits, which encourages investors to provide much of the loan capital of the savings and loans, but also in the ability of the regulated institutions to borrow additional capital from the Federal Home Loan Banks at favorable rates of interest.

Thus, it came as a shock to many of us last year to read in a comprehensive series of articles in the Washington Post that several Federally-insured savings and loans in the District of Columbia had consistently engaged in practices which victimized numerous low-income families in the inner city area of the Nation's Capital who had sought to upgrade their standard of living by becoming home owners. These practices involved the financing of predatory slum speculators in the acquisition of residential properties at low prices and the subsequent resale, usually at unconscionably inflated prices to unsophisticated purchasers. In the cases cited mortgages were issued by the savings and loan to the speculators at above-market values based on fictitious transactions registered in the names of straw parties. The newspaper articles described a pattern of fraud and deceit which led inevitably to the foreclosure and repossession of the over-valued properties, when the purchasers could not afford to carry the monthly charges. These properties were then often resold to other victims.

With your cooperation and assistance, and with the approval of the full Committee, an Ad Hoc Subcommittee was formed within the Committee on Banking and Currency to investigate the facts in this deplorable situation to determine, first, if the practices described, which had occurred so flagrantly several years ago during a period of easy mortgage availability, could reoccur under present regulations if and when mortgage funds again become more readily available; and second, if further corrective legislation is necessary to protect the integrity of savings and loan deposits and to assure honest dealing in the financing of the many new government-assisted housing programs in which savings and loans have been urged to participate.

As Chairman of the Ad Hoc Subcommittee, I want to thank you for the excellent and wholehearted support you provided us in making available staff assistance and in encouraging us in our investigation. I also thank the other four Members of the Subcommittee—Representatives Hanley, Brasco, Mize and Beall—for their conscientious hard work on this assignment, which entailed many hours of hearings and meetings.

The report herein submitted to the Committee reflects the views of all of the Members of the Subcommittee except for Representative Beall who resigned from the Committee in October to accept assignment on the Committee on Armed Services.

Sincerely yours,

LEONOR K. SULLIVAN, *Chairman.*

REPORT AND RECOMMENDATIONS OF THE AD HOC SUBCOMMITTEE ON HOME FINANCING PRACTICES AND PROCEDURES

I. INTRODUCTION

The Ad Hoc Subcommittee on Home Financing Practices and Procedures was formed at the initial meeting of the Committee on Banking and Currency on February 5, 1969. Its purpose was to inquire into questions raised by practices involving speculation in urban ghetto areas, the involvement of financial institutions in aiding and abetting such practices, and responsibility of Federal financial agencies and their authority to prevent their reoccurrence.[1]

Because of time and limited resources, the subcommittee confined its inquiry mainly to the District of Columbia. However, the subcommittee is convinced that speculation in one form or another is indigenous part of the real estate business, especially, in the inner city areas of the country. The subcommittee also is convinced that a random selection of other cities would develop findings substantially identical to those in the District of Columbia.

A. Purpose of report

The subcommittee's purpose was to understand what happened and how it happened. Its interest was in determining whether these costly abuses would find their way into the massive new federally supported housing activities projected for the next decade, such as the recently adopted sections 235 and 236 of the National Housing Act which provide for factual guidance for individual home ownership and rental housing for low-income families, respectively.

In a broader sense, the subcommittee felt that the time had come for an examination of the whole spectrum of home financing practices and procedures. Although the Federal Government through innumerable programs has been immensely involved in the housing field, Congress has never looked at the procedures surrounding the transfer of real estate. These matters have been primarily a matter of State and local jurisdiction. However, the procedures followed in the sale and transfer of real property do influence the effectiveness of Federal programs, especially those designed to assist low- and moderate-income people acquire in words of the 1949 Housing Act, "a decent home in a suitable living environment," through Federal insurance, direct lending, and/or subsidy programs. Perhaps the most disturbing aspect of real estate speculation is that federally related programs and institutions are so deeply enmeshed in it.

To be effective, speculation must extend beyond the few unscrupulous, greedy and dishonest who stooped to repugnant exploitation of home buyers to the respected and honorable who, with full knowledge of "what was going on," turned their backs on the inner city, left it to the mercy of the speculators, seeking the safer and sounder suburban areas for more remunerative endeavors.

Hearings were held on June 2, 3, 5, and 9, 1969. At the hearings, witnesses from Washington, D.C., community groups, nonprofit housing associations, savings and loans officials, FHA authorities, and the Federal Home Loan Bank Board testified. On June 6, 1969, the subcommittee toured selected properties in the District of Columbia which were the subject of speculation and looked at rehabilitation projects undertaken through various Federal housing programs. The subcommittee also heard testimony in executive session from savings and loans' officials from the Cincinnati area on July 22, 1969.

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[1] A short summary of the most publicized case involving the Republic Savings & Loan Association appears in the appendix.

This report deals with each of the elements of real estate speculation and some related matters. It sets forth recommendations which, if acted upon, will not prevent speculation as we have known it, but will insure against abuses of new housing programs by the unscrupulous and dishonest.

B. Speculation defined

According to Webster's Dictionary, to speculate means "to assume a business risk in hope of gain, especially to buy or sell in expectation of profits from market fluctuations." In the District of Columbia, however, real estate speculation has acquired a more specific and sinister connotation.

In the District of Columbia the term "real estate speculation" has been applied to situations in which the purchaser of a property deliberately and fictitiously inflates its value, and, through a variety of schemes, ultimately transfers or sells the property to an innocent and ofttimes defrauded home buyer. The speculator's field of operation is generally limited to the inner city areas, but can be found almost anywhere home financing is unavailable to a buyer through normal channels.

Thus, as used in this report in reference to transactions in the District of Columbia, the term "speculation" should not be confused with legitimate real estate investment in which a property is purchased with the hope of increased value through improvement, repair or nonmanipulated economic forces.

The elements of speculation are many and varied. A typical example would involve the purchase of a property at market or below market value, obtaining a mortgage based on a price above market, and, after one or more transfers, most times through straw parties,[2] to inflate the price, finally selling the property to the ultimate home buyer who assumes the mortgage. In many cases the purchaser takes back a second trust for lack of a sufficient downpayment. A speculator retrieves most if not all of his original investment and makes his profit through the inflated mortgage. If a second trust is taken, it usually is pure "gravy." The speculator either holds the second trust or if he chooses, sells the second trust at a discount on the open market.

The speculator needs many accomplices. He needs an appraiser who will appraise the property at the inflated price. He needs a cooperative lending institution which will lend money on the basis of that inflated price without checking the appraisal and in most cases with the full knowledge that a speculator is involved. He needs one or more straw parties. If the speculator doesn't have a source of funds to pay for the original purchase of the home, he needs a willing settlement company willing to hold his checks until he can find a new purchaser at the inflated price. He needs a market for his second-trust paper. He also needs a local government which will not or cannot enforce existing statutes designed to prevent these practices.

C. Speculation in the District of Columbia

Real estate speculation in the District of Columbia grew to prominence through a combination of events during the 1950's and 1960's. During this period housing was in great demand, mortgage money was readily available and a rapidly increasing black immigration with a commensurate white flight to the suburbs gave unlimited opportunities to the speculator.

It was only after the tight money period which commenced in 1966 that speculation waned. The less fortunate speculator who did not have ready cash resources found himself "stuck" with undesirable and heavily financed properties for which he could find neither a buyer nor a financial institution willing to make or refinance the loan.

Perhaps the most alarming aspect of real estate speculation in the District of Columbia is that it was so widespread and so well-known that its very existence reflected upon all who are connected with the real estate business in the area.

The subcommittee looked at random samples taken from Lusk's Real Estate Directory Service. This Directory is a private publication which sets forth addresses, parties involved, the consideration, dates of real estate transactions in the District of Columbia. The annual bound volumes of the Directory are replete with clearly defined speculative deals. It is inconceivable that anyone connected with the industry, whether private or governmental, could plead that he was unaware that "these things were going on." The home financing institutions as well as the regulatory agencies must bear the ultimate responsibility. Their passive attitudes alone are a significant contribution to speculation.

II. THE SUBCOMMITTEE SURVEY

A. The nature of the survey

As part of its investigation of home financing, the subcommittee conducted a survey of savings and loan associations and commercial banks in the District of Columbia in an effort to develop the following: [3]

What percentage of the total real estate loans made by these institutions and currently in force were for the purchase of property in the District?

What share of the District loans were for property in middle- and upper-income neighborhoods and what portion went for loans in low- and moderate-income areas?

To what extent officers, directors, employees and agents of these lending institutions, their business associates or members of their families have a direct or indirect personal interest in any real estate loans in force since June 30, 1964?

To what extent this same group of people has a direct or indirect interest in any business concern which provides appraisal service or title company service to these lending institutions?

What is the full relationship between the savings and loan associations and commercial banks and the persons who perform real estate loan appraisals for these institutions and what are the qualifications of such persons to make appraisals

The survey was keyed to the situation as of January 1, 1969. Replies to the subcommittee's survey revealed that the District's 25 savings and loan associations and its 14 commercial banks had a total of 130,749 real estate loans in force. More than 90 percent of that total, 118,512 loans, were provided by savings and loan associations, a comparison that makes it clear that District commercial banks, despite the existence of a myriad of Federal housing programs which insure or fully guarantee mortgages, and despite a critical need for adequate housing in the District, have failed to play a significant role in terms of homeownership. Therefore, the following analysis of the survey deals only with the data supplied by the savings and loan associations.[4]

B. Absentee-owner lending

In seeming contradiction of their Federal charter requirements to promote home ownership, the survey disclosed 5,240 real estate loans in force approved by 18 District savings and loan associations for purchase of property in the District of Columbia were made to persons that these lending institutions themselves classified as absentee owners who were lessors of the property. This represents 35 percent of the total amount loaned.

Specific examples of the absentee-owner situation were given by Mr. Channing E. Phillips, president of the Housing Development Corp. of the District of Columbia, when he testified during the subcommittee hearings:

"Turning our attention to the operation of the savings and loan industry in the District * * * I think we must say that the industry has failed in its role and this failure is manifested not only in the city's slums but in who owns the city's slums.

A recent survey done in the Cardozo area by People United Against Slum Housing shows that 70.3 percent of the residential property in that area is in the hands of absentee owners. And one-fifth of this absentee owned property is in the hands of 25 individuals, families or corporations."

"Absentee ownership in this area with this degree of absentee ownership concentration can only be classified as speculative ownership, speculatively aided and abetted by the federally chartered and supervised savings and loan industry. For, as the study shows, six savings and loans in the District account for 75 percent of the mortgage loans in the area and 74 percent of the loans to the absentee owners holding property in the area. And, in the case of three of these six institutions, over 75 percent of their loans were made to absentee owners.

A similar study done in the Shaw urban renewal area at a much earlier date by the Redevelopment Land Agency, together with the Model Inner City Community Organization demonstrated an even worse situation with over 80 percent of the property in the hands of absentee owners."

C. Inner city lending

Replies made by 16 savings and loan associations showed that 56 percent of their loans in force were made to borrowers living in the middle and higher income neighborhoods in and outside of the District. This conclusion is based on the fact that this

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[2] Straw parties are more fully discussed on page —.

[3] Many of the subjects discussed in the survey are explored in more detail under similar headings later on in the report. Thus, the survey will discuss appraisals, single borrower loans, and the like with fuller discussions and recommendations later on.

[4] The purpose of this footnote is to demonstrate the lack of bank activity in the District of Columbia housing loans.

The questionnaire which was sent to 14 banks in the District of Columbia by a Special Ad Hoc Subcommittee of the House Committee on Banking and Currency elicited 13 replies, which disclosed that these 13 banks had about 17 percent or $513,516,388 of their total assets of $3,030,010,507 (January 1, 1969), invested in realty loans, including construction loans and loans for commercial property such as office buildings. Of the part of the total assets of these 13 banks, invested in realty loans, 5 percent or $125,379,340 was invested in realty loans in the District of Columbia.

The number of realty loans in force and in the District of Columbia (as of May 1969) by the 13 banks replying to the survey, and the percentage of the amount of such loans to the amount of total assets (as of January 1, 1969) is shown below:

Number of realty loans in force

Total	12,239
In the District of Columbia	4,734

Percentage of total assets to realty loans

Total	17
In the District of Columbia	5

The percentage of total assets invested by these 13 banks in realty loans in the District of Columbia as of May 1969 was as follows:

Percentage and number of banks

0 through 5	8
6 through 10	4
9 through 8	0
21 through 30	1

percentage of in-force loans were to borrowers living west of Rock Creek Park in the District or in suburban areas outside the District. (One savings and loan located in the District west of Rock Creek, disclosed it had 87 percent of its in-force loans in this one area alone.) This in turn means that 44 percent of the total number of in-force loans went into low- and moderate-income housing, the kind of housing that characterizes all other sections of the District covered by the survey where the need for adequate housing is greatest.

The effect of homeownership was described by Mr. Phillips when he discussed a federally assisted homeownership project in a block where only eight of the 36 houses were owner occupied. Through a neighborhood housing corporation, 18 of the houses on the block were purchased for renovation and sale under section 221(h) of the National Housing Act.

"At the beginning there (was) some skepticism . . . that skepticism has changed as the housing has been completed and (people) moved into it. We have had a minimum of vandalism, et cetera, during the course of construction. The tenants have been extremely protective of their block, and there have been tenants who have guarded the empty houses as we have finished them and put in the appliances and so forth to prevent the kind of usual theft and destruction. We have had a very rewarding experience there * * *"

Testifying before the subcommittee, A. C. Sternberg, vice president and general counsel of the Housing Development Corp. of the District of Columbia, added:

"There is one savings and loan in this city, a new one, the first new one chartered in 30 years, chartered within the last 2 years, that is making some 90 percent or more of its loans in the District of Columbia and, of these, 90 percent are in the area which we categorize as being east of Rock Creek Park.

"In 2 years they do not have a single default on any of these loans. As a matter of fact, I am not sure that they have had to schedule any for being in default or behind in payments more than 90 days, and it might be interesting to examine into the experience of that new savings and loan institution."

D. Loans to officer, directors, and employees

Thirteen of the 25 savings and loan associations in the District provided opportunity for people within their own organization or close to it to become substantial borrowers for purposes of entering the real estate business. These 13 lending institutions reported that they made loans totaling $12.4 million to 24 persons who were officers, directors, employees, agents or their relatives.

According to data in the survey eight loans totaling $443,000 were made by one savings and loan association to relatives or the business associates of relatives of William Calomiris, a director of that lending institution; the seven loans totaling $7.5 million were made to a real estate investment corporation by another association which describes its vice president, Murray W. Decatur as "an officer and minor stockholder in the real estate investment corporation"; the $46,000 was collected in real estate brokers commissions by Thomas W. Sandoz, Charles L. Norris, A. S. Gardiner, Jr., and Lawrence W. Harry on the sale of property financed with loans by an association, of which they are directors; and the $240,000 loaned by a savings and loan to Leonard R. Snyder who is a director, the secretary, and the attorney for the association, so that he could have a 15-percent interest in indoor tennis courts. A number of similar loans were made by other District savings and loan associations for business property that had nothing to do with providing dwellings, to say nothing of home ownership. On the other hand, several of the other savings and loan institutions, recognizing the danger of allowing the funds of their depositors to be used for the personal gain of their officers or employees, emphatically stated they had longstanding policies prohibiting such practices.

E. Interest in related institutions

Questions about the propriety of loans made by savings and loan associations to their officers, directors, employees, friends, and relatives also apply to officers and employees of such lending institutions who hold a direct or indirect interest in concerns which provide appraisal service or title company service for their own lending institution. Twelve of the 26 savings and loan associations stated some of their personnel held such interests. It takes no stretch of the imagination to recognize the possibility of "persuading" the home buyers to utilize the services of such concerns either before or after a loan is approved.

By the same token, almost all District savings and loan associations—23—reported that more than half of their appraisers were officers, directors or employees of their institutions. In addition, 24 of the 25 reported that only 44 of the 122 in-house and self-employed appraisers they utilized were designated members of the Society of Real Estate Appraisers, the American Institute of Real Estate Appraisers or similar professional organizations. The lending institutions were quick to assert, however, that most of their appraisers had sufficient practical experience in the Washington area real estate business to be qualified despite lack of formal training.

F. Appraisals on foreclosure

These assertions, if nothing else, seem weak in the face of drastic changes that were reported by eight savings and loan associations on the appraised value of District property on which they foreclosed in settlement of loans since June 30, 1964.

For instance: [5]

An association made one loan on property it originally valued at $6,000. When it foreclosed it reappraised the property at $3,000, a drop of 50 percent.

An association appraised five pieces of property as having a total value of $54,500, but when it foreclosed the appraisal was set at $29,500, a reduction of 46 percent.

An association reported a drop of 42 percent on the value of one piece of property, originally valued at $60,000 but reappraisad at $35,000 upon foreclosure. (It reported that the other piece of District property on which it foreclosed suffered an even greater reduction in value but this was laid to the results of the April 1968 riots.)

An association said it had appraised seven pieces of property for a total value of $91,650, but dropped the value to $64,000, down 31 percent when it reappraised following foreclosure.

An association had six pieces of property which originally were valued at $289,100 but reappraised at $223,500 on foreclosure, a decline of 27 percent.

An association reported foreclosing on one piece of property originally appraised at $8,500 but reappraised at $6,750, down 21 percent after foreclosure.

An association said it had foreclosed on 20 pieces of property since June 30, 1964, but that until more recent years it had not reappraised at the time of foreclosure. As a consequence, there are only six pieces of property on which original and reappraisal valuations can be compared and these show a 26-percent reduction in the total value of property originally appraised at $129,500 and revalued at $97,000 on foreclosure.

An association disclosed a reduction of 17 percent in the value of the one piece of property on which it foreclosed. Originally appraised at $12,000, it was later valued at $10,000.

An association reported substantial reductions in the value of five of eight pieces of property in the District on which it had foreclosed, but it noted that in four of the five cases the property had been vandalized.

In all, 11 District savings and loan associations reported foreclosures on property in and outside of the District. Most of the foreclosures took place outside of the District and as a rule reappraisal at the time of foreclosure on property in suburban Maryland and Virginia tended to stand up well in comparison with original appraisals. With one startling exception:

An association stated it had foreclosed on 40 pieces of property in Maryland having a total original appraised value of $672,834, a figure which is 34 percent higher than the reappraised value of $448,100.

Of those 40 loans, 19 were made to an individual on property given a total original valuation of $311,984, but which was revalued following foreclosure at $181,200, a reduction of 43 percent.

G. Single borrower loans

Fourteen District savings and loan associations reported having made 10 or more loans to one person. Their figures, which do not include construction loans when such loans were indicated, add up to 77 persons receiving 1,515 loans totaling $33.9 million. Averaged out, it comes to 18 loans totaling $441,135 per person. It should be clearly understood that most of these loans went to legitimate real estate investors who are not involved in speculative practices. It should also be understood that these figures are symptomatic of the willingness of nearly half of the District's savings and loan associations to make available to individual borrowers the large blocks of credit necessary for the existence of real estate speculation.

This analysis of the data supplied by the survey of District savings and loan associations not only gives a statistical description of major aspects of the city's real estate industry and its faults, but suggests some obvious remedies which are set forth in this report.

Pertinent tables prepared from the survey data appear in the appendix.

H. Conclusions from the survey

The survey, even though limited to savings and loan associations and banks in the District of Columbia, raises some very serious questions hitherto unexplored by this committee.

These are:

Should loans, other than for personal home purchases, be further restricted or prohibited entirely to officers, directors and employees or agents of lending institutions regulated by the Federal Home Loan Bank Board?

Should there be a prohibition on loans made by one lending institution to the officers, directors and employees or agents of other lending institutions?

Should officers, directors, employees or agents of savings and loan associations be prohibited from having a direct or indirect interest in concerns which provide appraisals, settlements, title insurance or any other service connected with real estate transactions?

Should a savings and loan be permitted to make more than one loan to a single borrower? If so, under what circumstances?

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[5] We recognize that the value of property upon foreclosure will show a general tendency to drop. This is mainly due to deterioration and disrepair which often accompanies an arrearage in mortgage payments.

However, a study of the figures supplied in the survey indicates that many of the differences between sale and foreclosure appraised values are the direct result of an inadequate appraisal system.

Are present limitations on the percentage of assets which may be lent to a single borrower realistic or do they encourage the evils of speculation?

These questions concern not only the District of Columbia savings and loan associations. They go to the heart of the responsibilities which emanate from the relationships between the Federal Government and lending institutions. As in all areas, the Federal Government's sole interest must be that of the public. Law and regulations should insure that savings and loans and other institutions serve the public interest to the fullest extent.

Some of the practices disclosed by the subcommittee survey are indigenous to the savings and loan industry, having been followed since its inception. Nonetheless, they raise the specter of a deep-seated conflict of interest situation. The committee should explore these relationships, and their impact on carrying out fairly the two-fold purpose of thrift and homeownership.

III. APPRAISALS

"Let me start with an analysis that may astonish you. The typical real estate transaction involves several professionals and several businessmen. The professionals are one or more lawyers and a land surveyor. If there is a new building or a subdivision development involved there may be others such as engineers and architects, and an accountant. The businessmen are a broker or salesman, a title insurance agent, a banker, or mortgage correspondent, and a fire and casualty insurance agent. All the named professionals are either licensed or certified by the public, and so are all the business agents named. But if there is an appraiser involved, he is neither licensed nor certified to practice, except in a few States wherein, believe it or not, he is actually required to have an active real estate brokers license. (Statement by Mr. McCloud B. Hodges, Jr., M.A.I., S.R.E.A., before the Ad Hoc Subcommittee on Home Financing Practices and Procedures, June 3, 1969)."

One of the most essential ingredients in a real estate speculative transaction is a false or misleading appraisal of the subject property. On the basis of such appraisals the speculator is able to obtain his inflated loan and quick profit.

The subcommittee included an examination of the nature of the appraisal profession practices as part of its inquiry. While our study of the appraisal profession was limited solely to its role in the business of real estate speculation, we were quite surprised at the inadequate and loose structure of this profession as well as its lack of attention by the appropriate Federal agencies.

One of the most important elements involved in the transfer of real property is financing. Financing is based on an evaluation, and the evaluation is made by an appraiser. In many cases, the type of financing will be a consideration in the appraiser's determination of the value of a property. Even with these crucial responsibilities, appraisers are not legally tested or licensed in Federal statutes and regulatioins dealing with appraisals, the qualifications of appraisers are rarely defined.

A. The appraiser and the lending institution

In many cases appraisers sit on the boards of the lending institutions for whom they appraise. Indeed, the president of Republic Savings and Loan did his own appraising in some of his most blatant speculative deals.

The subcommittee survey disclosed that 88 percent of the associations have either directors and/or employees doing appraising, and that only 12 percent of these associations use independent appraisers exclusively. The survey also showed that 24 percent of the savings and loan associations replying used no appraisers with professional recognition such as M.A.I. or S.R.E.A., while only 20 percent of the associations used only appraisers with such recognition. Thus, 56 percent of the savings and loan associations use a mixture of professional and nonprofessional appraisers.

B. Present law and appraisals

Since the overwhelming number of home mortgages in the District of Columbia are held by savings and loan associations, this report limits the analysis to the appraisal practices of savings and loans. Even from this limited view major problems come into focus which warrant the attention of the Congress. If these are not resolved, then a significant portion of our commitment to low- and moderate-income housing will be needlessly spent.

All savings and loan associations in the District of Columbia are federally insured by the FSLIC but all are not federally chartered. Principles which govern appraisals by insured associations are found in this title IV of the National Housing Act of 1934. The act provides for the insurance of accounts and establishes the Federal Savings and Loan Insurance Corporation under the regulatory authority of the FHLB.[6]

The regulation applicable to insured associations such as those in the District of Columbia is FHLBB regulation section 563.10. Under this regulation, appraisal by a qualified appraiser is required and the signed appraisal must be approved in writing by the board of directors or the loan committee of the insured institution. Nowhere to be found is a definition of a qualified appraiser nor is there any prohibition of a possible conflict of interest of the appraiser, save a proviso that he not be affected in any way by the approval or declining of the loan.

It is only when a particular insured association is undergoing examination by the Federal Savings and Loan Insurance Corporation that realistic qualitative standards for appraisals are required. FHLBB Reg. Sec. 563.17–1(b) provides that such examinations shall include appraisals in questionable situations. In a statement of policy (Reg. Sec. 571.1) supplementing this regulation, there is a specific definition of the type of appraisers to be employed in connection with such examinations.

Subparagraph (2) provides:

"As used in this statement of policy, the term "professional appraiser" means an individual whose qualifications are demonstrated by means of senior membership in a national appraisal organization or an individual who in the opinion of a Chief Examiner for the Board qualifies under standards equivalent to those established by such national organizations. The fact that a professional appraiser is employed by an insured institution on a fee or salary basis need not, of itself, adversely affect the acceptability of any report of appraisal prepared by or under the direct supervision of such appraiser."

Subparagraph 3(f) provides:

"Selection of appraiser. The Board's Chief Examiner for the Federal Home Loan Bank district in which the home office of an insured institution is located will select the professional appraiser or appraisers to make appraisals under this program. When making the selection, the Chief Examiner shall, insofar as is feasible, make such selection from those professional appraisers who do not regularly make appraisals for competing institutions in the community."

Note that the quoted provisions consider the possibility of a conflict of interest where the appraiser employed for examination purposes is also an employee of the association being examined.

The present Federal Home Loan Bank Board regulations on the appraisal of real estate prior to granting loans are vague and inconsistent. If the standards set forth in examination-type appraisals had been applicable in the first instance then the examination appraisal would have been unnecessary to begin with. Locking the barn after theft leads precisely to the kind of speculative activity the subcommittee found so prevalent in the District of Columbia.

There was some testimony in the executive session about speculative schemes in the Cincinnati area based on FHA appraisals. The subcommittee asked the Department of Housing and Urban Development and the Federal Housing Administration for a report. The FHA personnel involved in the Cincinnati frauds have been prosecuted and the subcommittee is satisfied. Moreover, the Acting Administrator of FHA testified that the overwhelming number of FHA single family appraisals were conducted by appraisers employed full time by FHA. For example, in 1968, there were approximately 780,000 single family FHA appraisals of which 52,000 were made by independent fee appraisers.

The subcommittee did examine the FHA standards for appraisers and, while they are more detailed and specific than those of the FHLBB, they should be reviewed in the light of the subcommittee's recommendations.

The subcommittee has no desire to inject itself into the ongoing dispute among appraisers as to whether there should be State licensing of appraisers. This is a matter which is best left to the appraisal organizations and the State governments to work out. But the subcommittee feels strongly that there must be Federal standards where federally insured or chartered institutions, federally insured mortgages or Federal subsidies are involved. There are a number of guidelines available when devising such standards.

C. The appraiser organizations

There are two major appraisal organizations. The American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. The subcommittee heard from two prominent members of these organizations and examined their codes and rules of procedure. These organizations have a long standing respect in the real estate community. The requirement for membership involves intensive study and the successful completion of examinations. In addition, there are automatic review procedures when a member's appraisal is the subject of litigation. There is an elaborate review and appeals procedure in cases where questionable appraisals are made by their members. The ultimate penalty is expulsion from the organization.

However, expulsion from the organization still leaves the appraiser free to practice his trade. There is no further sanction. Nothing in their laws and regulations prohibits him from continuing in the employ of lending institutions and making appraisals for federally related projects or institutions.

The testing and educational standards of these two organizations provide excellent guidelines in drafting statutes or regulations setting forth appraisal criteria for federally related real estate loans. Indeed, the Federal Home Loan Bank Board recognized this when requiring senior membership in either these organizations for independent FSLIC examinations.

[6] This is not to say that statutory provisions for appraisals applicable even to the federally chartered corporations are adequate FHLBB regulation section 545.6–9 provides that no Federal association shall make a loan unless there has been an appraisal of the real estate by two qualified appraisers, approved by the board of directors of the association. There is no explanation of what is meant by a qualified appraiser, nor is there provision governing the appraiser's relationship with the association.

D. The appraisers and conflict of interest

The employment of directors and officers of savings and loans as appraisers raises a question which should be thoroughly explored. In one sense, if the appraiser is a qualified appraiser it can be argued that the interest of the savings and loan and the public is best served on the theory that such an appraiser will be extraordinarily careful and thorough in his evaluation, protecting in the interest of his association. Conversely, it can be argued that the practice of using director or officer appraisers creates an opportunity for easy speculative practices. The latter is precisely what happened in the Republic Savings and Loan situation.

During the subcommittee hearings it was suggested that only independent, professionally qualified persons, such as those who are designated members of the Society of Real Estate Appraisers or similar organizations, be authorized to conduct appraisals for federally connected lending institutions. The suggestion was made on the theory that such appraisers would be removed from the influence of real estate speculators or the desire on the part of lending institution officers to cooperate with them. The idea seems to be well founded. However, it should be borne in mind that in the end analysis it is up to the Federal Home Loan Bank Board itself to design and implement procedures for adequate and periodic examination of appraisal work done for member borrowers. If the Federal Home Loan Bank Board acts along these lines, then it would make little difference whether property evaluations are made by in-house or independent appraisers.

The subcommittee is convinced that tightening of the regulations on appraisals would contribute significantly to the elimination of the evils in speculation.

E. Independent appraisers as a requirement

The subcommittee realizes that the establishment of more detailed appraisal criteria is not without problems. Under present practices, appraisers make an abbreviated-type appraisal usually known as a "short form" or "windshield" appraisal. Under normal circumstances this type of appraisal is far less expensive than the regular appraisal. Even though the shorter version involves far fewer estimates of comparable values, fewer examples of recent sales, etc., its trustworthiness in most cases is good. The appraiser in a sense is relying more heavily upon his experience with the types of property being appraised.

The purpose of the abbreviated appraisal is that it amounts to a substantial saving in loan acquisition expenses. Many of the witnesses were fearful that to require full-blown appraisals on all property would substantially increase the fees involved and hence the cost of the loan. The subcommittee does not recommend such a broadsweeping reform. It feels that the regulations can be devised which will permit the continued use of "short form" appraisals by sufficiently qualified appraisers.

Some of our witnesses also felt that an independent appraiser requirement would create an increase in acquisition expenses. Independent appraisers, it is argued, would have a tendency to charge much higher fees than an appraiser who served on the board of directors of the lending institution. The subcommittee has not advocated this absolute independence. It merely recommends that the questions which surround these dual capacities of appraisers should be studied by the committee to see whether or not there is, in fact, a serious conflict of interest.

F. Responsibility for faulty appraisals

The lending institution should be made more responsible in the event of a faulty appraisal by making it accountable to make sure that the appraisal it receives is valid in all respects. Thus, if the ultimate homeowner discovered after he acquired the property that it was overvalued he would have some redress against the lending institution. This would seem equitable since the homeowner has no control over the selection of the appraiser or the type of appraisal and the lending institution does. This suggestion has some merit and should be considered.

IV. TITLES AND SETTLEMENTS

A. Title companies

Title insurance companies in the District of Columbia perform some useful services in real estate transactions. In addition to providing title insurance, the company's offices serve as the situs for the actual transfer of the real property. It is here that the necessary fees, taxes, notes, payments, and the like are made. Title companies offer the assistance of experienced and qualified personnel in making the necessary arrangements.

There are also located in the District of Columbia a number of "settlement houses." Settlement houses can be comprised of a law firm, one or more former title company clerks, real estate brokers, or others with similar experience. Unlike the title company, the settlement house does not search title or offer title insurance. These are purchased through the title companies.

Present practices in both title companies and settlements houses, particularly the latter, give rise to some serious questions which should be looked into and acted upon by the Committee.

B. Duplication of title searches

One of the more troublesome things we found was that title companies in the District of Columbia cannot rely upon the records in the Recorder of Deeds office as a basis of issuing title insurance policies. They claim that the records in the Recorder of Deeds office have been so poorly kept that they are often inaccurate or incomplete and can lead to serious legal entanglements if solely relied upon. To deal with the situation, the various title companies have a sort of pool in the Recorder of Deeds office so that when the legal instruments are filed in that office they are immediately photocopied and sent to the title companies for their record files. This procedure is wasteful especially in view of modern housing programs because it amounts to a needless expenditure of taxpayers' money.

According to title company representatives, not much can be done about the Recorder of Deeds office since the expense and work involved in sorting out, completing, and perhaps computerizing the title records back to 1794 is plainly prohibitive.

Representatives from HUD-approved nonprofit organizations who are engaged in the construction and rehabilitation of single- and multi-family dwellings under the various Federal plans have complained about the high expenses involved when one or more title companies are used in the acquisition of the property and a different title company is used for the ultimate disposition of the property. In each case, the particular title company requires a full title search based on its records as a condition of issuing title insurance. Thus, the nonprofit corporation, and ultimately the Federal Government, must pay for successive title searches of the same property when it transfers the property to the ultimate owners. Since a construction or rehabilitation period usually runs from 6 months to a year, the dual payments are not only wasteful but sometimes downright ludicrous. There is no obvious answer to this rather senseless waste; but the search for one should begin.

C. Confusion at settlement

There were also a number of complaints about the complexity of fees required to be paid and the documents which have to be executed at real estate settlements. For example, there was one complaint about $90 "assumption fee" when in fact the actual legal charge was less than $10. Fees at real estate settlements are in most cases necessary to cover the filing and recording changes in records, but fees are being paid in excess of the actual fees charged by the responsible Government agency.

Nonprofit corporations have also complained about the amount of paperwork required in realty transfer procedures involved in "packaging" parcels of land, redeveloping, and their ultimate disposition. One of the witnesses testified that in connection with a project involving 28 properties over 500 documents were signed at settlement.

The subcommittee wonders if the archaic structure in title transfer procedures which exist in the District of Columbia is an isolated case or if it is fairly typical in the States. Perhaps it is time that this committee conducted a study of the local realty transfer statutes and practices to determine whether part of the money invested in our housing programs is being uselessly drained by the situations described.

D. Disposition of proceeds

The subcommittee examined some of the internal records of title companies and settlement houses and found a number of bad practices. These firms view their role as simply providing a forum for the actual transfer of title. When payment is made by the purchaser, the title company simply makes distribution of the proceeds of the purchase price in accordance with the instructions of the seller or his agent. Many times a speculator is the agent. In these cases, distributions by individual check were made to relatives, business associates, and others named by the speculator. This distribution was duly recorded in the entry sheets of the title company. But, there is no explanation

It has been suggested that there be a requirement that all checks given to title companies must be immediately deposited and the proceeds distributed upon clearance of the check.

E. Uniform settlements law

Charles Doctor, Esq., testified as to various experiences he had encountered with speculators during his tenure as trustee over an insolvent savings and loan association. After describing examples of real estate transfer practices such as those discussed, Mr. Doctor called for the enactment of a truth-in-settlements law.

Although Mr. Doctor did not specify whether the proposal should be made at the Federal level, the subcommittee feels that his suggestion is an excellent one. The average life of a mortgage in the United States is from 8 to 12 years. This means that the average American homeowner attends two or three settlements in his lifetime. In many cases he is not represented by counsel and the real estate broker at best plays the equivocal role of acting for both buyer and seller. If legislation requiring simple and complete explanation of all charges and distribution of the proceeds of the sale be rendered were enacted in the States, then many reforms in the realty transfer field could be brought about by public demand.

V. STRAW PARTIES

"The use of straw parties in real estate transactions is not in itself unlawful or fraudulent * * *. However, the transaction of business affairs in the name of a straw party on nominee conceals or obscures the principal's interest in the transaction and so the use of a straw party lends itself particularly to those who have an unlawful and fraudulent purpose. So it is, and often has been said, that real estate transactions made through straw men should always be viewed with suspicion. (*Larner Diener Realty Co.* v. *Fredman*, 266 S.W. (2) 689, Feb. 13, 1950.)"

A straw party is a conduit. He holds naked title for the benefit of another or, as one court put it, "he has loaned himself out for this purpose."

The use of straw parties in real estate

transactions dates back to early common law. In order to create a joint tenancy in property the unities of time, title, interest, and possession had to be present. Thus, a grantor could not transfer title to himself and since one or more of the unities would be missing; thus, a system was adopted whereby the property was transferred to a third party and hence to the joint owners. Many states have modernized their statutes permitting the direct creation of joint tenancies. On October 27, 1969, the House of Representatives adopted H.R. 13564 (H. Rept. 91-593), which would accomplish this purpose for the District of Columbia.

Aside from the use of straw parties to create joint tenancies, the procedure is employed for other purposes. The major example is packaging of a group of land parcels for the purpose of overall development. An attempt is made to hold the price down through concealment of the owner's identity.

As indicated by Commissioner Bradley in the *Larner* case straw parties are susceptible to unlawful or fraudulent purposes. Such is the case with real estate speculator's use of straw parties in the District of Columbia.

The real estate speculator hides behind straw parties not only to conceal his identity but to accomplish a timely transfer for the purpose of increasing the price of the property and the loan made thereon. Straw parties are usually employed by the speculator in some secretarial or clerical capacity. Many are employed by the title company or settlement house and receive nominal fees ranging from $5 to $20 for the use of their names.

The use of straw parties for speculative purposes should be stopped. There are a number of ways in which this can be accomplished. It appears to the subcommittee that the Federal Home Loan Bank Board and the Federal Housing Administration and other interested agencies already have the authority to do so. Regulations should be issued which would prohibit the concealment of identity of the true parties for the purpose of fictitiously inflating the value of the property.

It is inconceivable to the subcommittee that any federal or federal-related agency should countenance the use of straw parties except where legally compelled to do so. The concealment of the true identity of the real party in interest for no apparent reason amounts to prima facie fraud.

One intriguing suggestion made to the subcommittee in an informal session with a knowledgeable person connected with the real estate business is that it consider recommending that the face of every deed identify the interest of the parties who are named thereon including the consideration paid by that party. The total consideration paid for the property should be shown on the face of the deed. This recommendation is an excellent one. After all, the purpose of recording a deed is to serve a public notice. Why then shouldn't the public information be complete? The subcommittee recommends that the Congress consider appropriate proposals in this direction. The subcommittee recommends that the necessary statutory or regulatory processes be instituted to require such statements where the real estate transaction is directly or indirectly related to a Federal program.

The subcommittee realizzes that this proposal will create some difficulties in the case where the concealment of identity is necessary to prevent price inflation in the case of development through the gathering of single parcels. The subcommittee feels that this difficulty can easily be met in such cases by delaying the time of full disclosure and at the same time preventing the use of straw parties for speculative purposes.

As this report has already noted, the housing commitment to the Federal government and the housing needs of our citizens in the next decade are enormous. Both the legislative and executive branches of government should start getting rid of these outdated and useless common law procedures and, wherever possible, institute a more modern, convenient, safe, and economical procedure for the transfer of real estate.

VI. SINGLE BORROWER LOANS

The single borrower loan provisions of the Federal Home Loan Bank Board regulations (reg. sec. 563.9-3) are another handy tool in the workshop of the speculator. Under the present regulation, no savings and loan institution may lend over 10 percent of its withdrawable assets to a single borrower. The rule accommodates large borrowers such as developers, contractors, and others in the housing field who must have large blocks of financing available if they are to function. This can be quite beneficial to the housing industry and in encouraging thrift and homeownership.

However, the speculator abuses these provisions by establishing a large line of credit with a friendly savings and loan so that he may turn over his properties quickly by obtaining loans on short notice. Even though there was no direct testimony on the point, the subcommittee surmises that the advantages to the savings and loan by this kind of arrangement are twofold. First, large amoun amounts of their funds can be committed without too much administrative detail; and, second, the speculator assures prompt payment on the notes.

The subcommittee feels that the single borrower loan regulation should be further defined and made more specific. The idea of a flat percentage rate applicable to all savings and loans doesn't make much sense. Under the regulation, the largest savings and loan in the city of Washington can lend up to $40 million to a single borrower. Although this savings and loan has never approached lending such an amount to a single borrower, the possibility points up the absurdity of the rule. The regulation should be revised to provide for a sliding scale which takes into consideration the size of the savings and loan realistically and limits the number of loans to a single borrower. The regulation should also specify the types and classes of borrowers who may participate in large block financing and should exclude real estate speculators as previously defined in this report.

It has been suggested that no more than two loans on two pieces of property should be approved for a single borrower. An exception to this rule should be for construction loans and for loans to those community-based, public-oriented, nonprofit organizations established to provide adequate housing for low- and moderate-income families on a nonprofit basis. In this way the real estate speculators who have fraudulently inflated the price of housing and who have literally robbed home purchasers in the District of Columbia and in other cities across the Nation would be eliminated from the real estate industry so far as federally insured member borrowers of Federal Home Loan banks, which account for more than half of the outstanding residential mortgages in the country, are concerned.

As previously noted, so-called "single borrower" loan regulations are in need of review and a new determination should be made as to how much of a savings and loan association's assets should be committed to a single borrower and how many loans he should be able to hold. The subcommittee is aware of the need for large and multiple loans at all levels of real estate development, but the implementation of this need should under no circumstances give rise to regulations and procedures which, as history sadly shows, can be just as easily used by a predatory speculator as by a legitimate developer. There should be more realistic regulation of the "single borrower" loan category.

VII. FEDERAL AND LOCAL LAW

A. Local law

One of the more surprising revelations was the discovery of a provision in the District of Columbia Code dealing with fraudulent transfers of, or loans on, property. Title 45-1414 of the Code prohibits simulated sales or execution of mortgages for the purpose of misleading others as to the value of the property. This provision was enacted in 1937 with a subsequent amendment in 1939. The decisional notes indicate virtually no litigational activity involving section 1414. The District of Columbia Government is strongly urged to reexamine its heretofore disinterested attitude. If the provision lacks sufficient language to make it fully enforceable against the speculator and those involved in speculation it becomes imperative that the District of Columbia Government initiate proper legislation toward this end.

The change in attitude of the local government authorities is especially compelling in the District of Columbia in view of the lack of local legislation regulating the savings and loan industry. With few exceptions, the savings and loans in the District of Columbia are not chartered by the Federal Home Loan Bank Board. The only regulation rests on the FSLIC regulations issued pursuant to the acquisition and retention of Federal insurance on savings accounts. It is further recommended that the committee give its immediate attention toward enacting a meaningful body of statutes governing the conduct of these institutions in the District of Columbia. Savings and loan institutions with similar status in other jurisdictions are usually regulated by State law.

B. FEDERAL LAW AND REGULATIONS

The Federal Home Loan Bank Board has, almost since its inception, had any number of sanctions which it could employ against delinquent institutions. For example, it could threaten and could in fact cancel the insured status of the institutions. It could utilize the lending power of the Federal Home Loan banks to insure ethical conduct.[7] We are aware that these measures would have operated rather harshly in some cases. The cancellation of insurance for instance, would punish the innocent depositors in order to discipline guilty associations.

The Federal Home Loan Bank Board emphasized before the subcommittee that it had virtually no power to control real estate speculation and other improper practices until the enactment of the Federal Supervisory Act in 1966, 12 U.S.C. 1730. Under this act the FHLBB is empowered to issue cease and desist orders where it finds savings institutions engaging in questionable or improper conduct. According to the FHLBB, this new supervisory power should go a long way toward eliminating the evils of speculation.

The FHLBB is to be commended in taking the initiative and by requesting the Congress to grant it cease and desist powers. But the subcommittee has some doubts as to whether restraining authority alone is enough. We feel that the cease and desist power should be made more effective, implemented by additional laws and regulations in such a manner as to make it plain and unmistakable that savings and loan associations who deal with speculators will run great risks if they conduct themselves as they have in the past.

In answer to a request by a subcommittee member, the Federal Home Loan Bank Board submitted a 2-page explanation of measures it can take to prevent the recurrence of lending practices like those which occurred in the Republic Savings and Loan situation. The

[7] It should be noted that the Board has utilized credit restrictions to member associations in this regard.

complete explanation appears in the appendix.

The Board's attitude is commendable but bothersome. The Board seaks in terms of actions which it can and will take once the objectionable lending practices are found. Conferences and warnings to the savings and loans, ordering independent appraisals, spot check examinations, issuance of cease and desist orders and the like are quite helpful in remedying bad situations.

The subcommittee is convinced that more preventive regulation is needed. After the hearings were concluded, the subcommittee chairman asked the Board to supply the subcommittee with a list of actions which it has taken to carry out its declared new policy of encouraging comprehensive activity by the entire savings and loan industry in solving inner city housing problems. The Board's response is set forth in the appendix. The subcommittee's responsibilities did not include finding and proposing solutions to the existing housing crisis of our inner cities. It was our limited role to analyze practices and procedures of financial institutions in the inner city and, in part, to point out how these practices add to the lack of adequate home financing in the inner city. As we have stated before, the new actions by the Board are commendable in that they show at least an awareness of past wrongs and a willingness to come to grips with the problem. The subcommittee feels that restructuring and reorienting the Federal Home Loan Bank Board organization is not enough unless there is a willingness by the financial institutions to make mortgage money available in the inner city. As Mr. Lloyd S. Carey, president of the Metropolitan Washington, D.C. Savings and Loan League, put it, "Speaking for my own association, Prudential, we simply do not lend in the inner city because of the high risk and low rate of return."

The Congress must find a way to meet the problems so succinctly and correctly put by Mr. Carey. We must find a means of equalizing the risk and rate of return for inner city housing loans under existing Federal programs or we should treat the inner city as a vast no man's land, and devise direct Federal intervention to solve the housing crisis.

C. New Federal Attitudes Needed

Both the Washington, D.C., and Cincinnati, Ohio, witnesses complained about the tremendous amount of paperwork required by the Department of Housing and Urban Development in order to qualify for FHA-insured, VA-insured and various Federal subsidy programs in the housing field. Father Gino Baroni, executive director, Office of Urban Affairs, archdiocese of Washington, testified that in the acquisition, rehabilitation and ultimate disposition of some 24 houses over 500 documents had to be signed. In a supplemental letter to the subcommittee, he informed us of an elderly woman who had to sign some 80 documents in order to qualify her home for rehabilitation.

One of the witnesses, the Reverend Ralph Divan, of the Capitol East Housing Council of Washington, testified about his organization's efforts to rehabilitate existing housing under section 235 of the Housing Act of 1969. Eighty-two banks, savings and loans and mortgage brokers were contacted. Of the 69 who responded, two said they would participate and two said they were interested. "The remaining 65 stated that they did not participate in such FHA programs or had no money available."

Recently, Urban America, Inc., published a book of forms and procedures required to be submitted in connection with an application for Federal assistance in a 221(d)(3), below market interest rate program. The required forms are over 70 in number and consist of some 300 pages. The intended phasing out of 221(d)(3) in favor of the section 235 and 236 programs do not hold the promise of diminishing the procedural roadblocks. All indications point to a repetition of confusing, complex and burdensome paperwork in these programs.

The need for review and reform of the techniques and procedures issued by the Department of Housing and Urban Development and its subagencies is urgent and long overdue. Through bureaucratic entanglement the Federal housing programs have in many cases become self-defeating or at least incapable of sensible effectuation. Most of the Federal housing programs envisage private sector participation usually through the medium of a nonprofit corporation or cooperatives made up of civic-minded citizens, such as our witnesses, Mr. Channing Philips and Father Gino Baroni. When dealing with the provision of adequate housing through new construction or rehabilitation in the inner city, these organizations and their right-minded participants are injecting themselves in a vast real estate jungle where speculative predators work. It is folly to expect the community organizations to become thoroughly familiar with local real estate practices and the myriad of forms and procedures devised by the Government.

The paperwork load has other built-in difficulties. Long forms and complicated processing lend themselves to mistakes and mistakes make for delay. This labyrinthian pile of paperwork consumes time and effort which would be far better spent in assessing and dealing with the housing needs of the people the programs seek to serve. This proliferation of the burden results in a duplication bordering on the inane.

Viewed in terms of the national interest, there is no sense in requiring each participating organization to undertake the educative process and expend the time involved in procedure compliance. Taken in toto the cost to each such organization is fantastic. These things should be provided as a service of a Government eager to make its housing programs work.

Many Federal programs in nonhousing areas which serve the public or segments of the public not only afford the benefits and protections of the relevant statutes but also assist the persons covered in exercising the benefits and protections. For example, the Social Security Administration has an illustrious record of the assistance given elderly applicants applying for benefits. The labor relations agencies have assisted employers, unions and workers who allege violations in seeking redress. HUD should do the same.

HUD and the Congress have slowly come to realize that our housing programs, no matter how soundly structured, cannot be effective unless the procedural aspects are made simple and workable.

In the 1968 act, section 106 provided for a technical assistance program under which HUD can set up a mechanism to relieve community participants of the paper work burden.

On February 11, 1970, the Federal Housing Administrator announced the establishment of an Office of Assistant Commissioner for Subsidized Housing Program for the purpose of "making the assisted housing programs work." HUD–No. 70–71. It is hoped that this new Office of Assistant Commissioner for Subsidized Housing Programs in HUD will concur in the subcommittee's recommendations and take steps to adopt them immediately.

The actions taken by HUD and the Congress in the last few years show the development of an awareness that the housing agencies are more than insurers and subsidizers. We are coming to believe that more positive and active attitudes are required. But the ill-housed cannot wait for "slow realizations" or "growing awarenesses." We must act now.

The subcommittee recommends that a special office be established in the Department of Housing and Urban Development headed by a special assistant to the Secretary to assist perspective participants in the preparation of documents, rendering effective counseling and such other assistance so as to bring to an absolute minimum any procedural delays in applications for housing assistance programs.

If adopted, each insuring office would have knowledgeable staff who would not only acquaint those interested in housing with the intricacies of the program but would actively participate in the processing of programs from application to completion.

CONCLUSIONS AND RECOMMENDATIONS

Throughout this report the subcommittee has made recommendations on the various areas covered in its hearings. Most of these recommendations could be carried out through the simple amendment of regulations pursuant to long-established statutory authority. But, experience has shown that Federal agencies are more often than not loathe to act upon a mere committee report which is not binding upon them. It is therefore the recommendation of this subcommittee that its proposals take legislative form and be introduced as amendments in existing law.

In summary, we have recommended—

(1) Comprehensive regulation of savings and loans in the District of Columbia;

(2) Expansion of the definition of "conflicts of interest" for directors, officers, and employees of savings and loan associations, regulating their own involvement in the business of real estate for their personal gain through the use of their own or other savings and loan institution;

(3) Additional and more realistic limitations on "single borrower" loans. These regulations should set firm limits on the portion of an association's total assets and the number of loans that can be made to single borrowers;

(4) A statutory definition of "appraisals" which includes criteria for the qualification of appraisers. Statutory liability for faulty appraisals rests on the persons or organization selecting the appraiser;

(5) The regulation of the interest of directors, officers, and employees of savings and loan associations in title companies, settlement houses, appraisal organizations, and similar institutions who do business with savings and loans;

(6) That all deeds in federally related transactions be required to show on their face the consideration paid and the interest of the parties thereon;

(7) A uniform-settlements law including uniformity of forms and procedures, clear explanation of charges and accounting of the nature and purpose of disposal of the proceeds of the sale. Elimination of duplicate title services and added title insurance premiums and lengthy settlement procedures where property is purchased for redevelopment or rehabilitation;

(8) Elimination of straw parties except where necessary for legitimate business reasons; and

(9) Establishment of a special office in the Department of Housing and Urban Development to afford educational, consultative and form preparing services to individuals and organizations involved in promulgating Federal housing programs.

One of the Home Loan Bank Board's basic responsibilities in meeting the congressional intent in establishing the Federal Savings and Loan program and the Federal Savings and Loan Insurance Corporation, is protection of the shareholders' funds placed in the local savings and loan institutions. Some of the legislation mentioned here as tools of the Home Loan Bank Board to stop these activities had not been enacted into law until recently. For example, the all important

"cease and desist" legislation, the Financial Institutions Supervisory and Insurance Act became law at the end of 1966 and regulations were not promulgated until June 1967.

The housing needs of this Nation will never be met by financing from the private sector so long as the commercial banks of the District and the Nation consider that their first and perhaps only responsibility is to make as much money as possible in the shortest amount of time with the least amount of risk, and so long as the savings and loan associations of the District and the Nation conclude they have fulfilled their responsibility to promote thrift and homeownership by placing most of their energy and assets at the service of middle and higher income families.

The time has arrived to call the private money sector of the Nation's economy to account and determine whether it can and will meet the housing requirements of all the Nation's people or whether new public vehicles must be designed and established to fill the unmet need.

APPENDIX A—FEDERAL HOME LOAN BANK BOARD RESPONSE TO SUBCOMMITTEE'S REQUEST ON ACTION TAKEN SINCE THE HEARING

The Federal Home Loan Bank Board has taken active steps to carry out its major policy emphasis declared before the committee on June 9, 1969—to encourage comprehensive and aggressive Board leadership for the entire savings and loan industry in solving inner-city housing problems. These steps include organizing and staffing an office of the Board devoted to the development of inner-city housing programs; the appointment of housing coordinators in the 12 district banks; the establishment of special advances to associations for loans in the inner city; the use of service or development corporations as a vehicle to assist the inner city; proposing legislation to expand permissible activities of its bank system to accommodate inner-city loans made by its members; instituting a cease and desist action against a Baltimore association making speculative inner-city loans which was settled by stipulation in a manner acceptable to the Board and the adoption of major goals to stress the necessities for commitment in meeting national housing objectives.

Organization staffing

The Board has realined the organizational structure of its Office of Applications in order to stress the importance of meeting its new major policy emphasis for housing. The Office is now known as the Office of Industry Development, having as its primary functions housing and development and industry organization, the latter to handle applications processing.

Bank housing coordinators

The Board has asked the 12 district banks that make up the Board's bank system to appoint inner-city housing coordinators. These specialists will be able to assist savings associations, local housing and development agencies and community groups as well as banks and the Board in the development of low-income housing programs. Currently, four such specialists have been appointed and are actively engaged in this activity.

Special bank advances

The Board is aware also that a larger percentage of housing must be directed into the low- and moderate-income household grasp and, hopefully, into ownership by these families. As a result it has an elaborate inner-city housing program for the first time in its 35-year history. The program includes a number of innovations, one of which is a new kind of credit advance for savings and loan associations in the Federal Home Loan Bank System. These are 10-year advances at fixed interest rates in contrast to the usual 1-year loans to member savings and loan associations that make loans to the low-income population under subsidy programs administered by HUD. They will be made to savings and loan associations on top of their normal borrowing. The committee is pleased that some of these loans have reached the funding stage and many more are being processed as commitments. One, in particular, will soon provide financing for 1,000 units under an "infill program" in a major eastern city.

Service-development corporations

The Office of Industry Development is making a study of the use of service or development corporations as a vehicle to assist the inner city. The powers of these corporations, owned by Federal associations, have been extended to recognize desirable social goals and may be extended further upon completion of this study.

APPENDIX B—BRIEF HISTORY OF THE SITUATION INVOLVING REPUBLIC SAVINGS AND LOAN ASSOCIATION

The following is a brief description of the situation at the Republic Savings and Loan Association prior to July 1, 1968, when it was merged into Home Federal.

Although the affairs of Republic had apparently been the subject of some concern to the Federal officials, as well as other associations in Washington, for quite some period of time, it is reported that the examination report made as to January 11, 1968, and transmitted on April 11, 1968, and that this was the document which precipitated a decision on the part of the Federal Home Loan Bank Board to merge this association out of existence. A typical examination report might contain only 2 or 3 pages of commentary. Many of the items described in this report were referred to as matters that had been previously reported by examiners in earlier reports, some dating back to 1962, if not further back than that. The report commented at great length on the association's loan policies, on its practice of lending to speculators, on its practice of concentrating loans in the hands of a limited number of borrowers, and on the delinquency status of a considerable number of loans. As of this examination the association appeared to have questionable items totaling in excess of $6 million. This represented approximately 12 percent of the association's assets, and also represented an increase over the previous year of 174 percent.

The report commented on the association's method of acquiring and disposing of real estate. An instance was noted where properties were purchased by a speculator for $15,000, and a loan of $16,000 was provided, thereby relieving the association of the need for reporting any loss. In another instance a property was sold at foreclosure to a person, allegedly acting as a straw for the association. However, title never passed and the name of the borrower was never changed on the association's records. As a matter of fact this asset continued to be listed on the books as a loan, and interest was accrued thereon.

The report also disclosed that as of December 31, 1967, the reserve position of the association was approximately $825,000 short of the required level. Under a paragraph title "Projected Operations for the Quarter Ending March 31, 1968" the examiner makes the following comment: "Analysis discloses that it will be impossible for the association to pay dividends from net income if the same rate is paid as for the period ending December 31, 1967. The result will be that the deficit already in undivided profits will be increased to approximately $55,000." The report further commented on certain expenses of officers and directors, and on the failure of the association to maintain certain generally accepted methods of internal control.

At the time of the merger the assets of Republic totaled $52 million. Savings accounts stood at approximately $34 million. This represented a substantial drop over the preceding year and a half, largely resulting from dividend rate limitations imposed by Federal Home Loan Bank authorities. Because of this drop it had become necessary for the association to borrow a total of $16 million from the Federal Home Loan Bank of Greensboro.

Home Federal agreed to take over the affairs of Republic, provided that it be indemnified against loss by a contract with the Federal Savings and Loan Insurance Corporation. Because of the heavy burden of the borrowed money, the need for additional liquidity, and the possibility of a substantial savings runoff following the merger, the FSLIC agreed to purchase from Home Federal former Republic assets totaling up to $25 million. Against this figure the Corporation received a credit of approximately $1½ million, representing the accumulated reserves of Republic. These assets were subsequently retained by Home Federal for administration under a service contract with the Corporation, and Home Federal is continuing to administer these assets.

It is difficult to piece together from the records available exactly what transpired over the half dozen or so years that preceded the merger. Apparently Federal examiners, at the time of each annual visit, found a number of practices which were considered inconsistent with sound operating procedures. It appears that the examiners dutifully reported these practices to the Federal Home Loan Bank of Greensboro. There the supervisory agent would report these matters of criticism to the association, and would solicit from them promises to cease these practices in the future. A number of letters were written, resolutions passed, and procedures established that would appear to be designed to correct the deficiencies as cited by the examiners. However, with each subsequent visit the examiners would find these same practices, as previously commented upon, to be continuing.

At some point it appears that supervisory authorities were unsure of their grounds, and unable to make a determination as to just how far to pursue the matter. They seemed to be willing to accept the promises of Republic's management that the situations would be corrected, rather than force the issue.

The apparent unsound practices followed by this association were relatively well-known within the industry locally, and were from time to time specifically called to the attention of supervisory authorities, other local associations being fearful of the repercussions of a failure or a receivership. The only concrete action taken by supervision seems to have been the insistence in mid-1967 that a full-time managing officer be engaged. In the fall of 1967 an experienced full-time executive was hired. However, no change was made in the board of directors or in the executive committee, so it became the role of the new manager to simply attempt to put out fires as they would occur. He had no authority or opportunity to change the policies of the management team that had existed for 5 or 6 years.

APPENDIX C—FEDERAL HOME LOAN BANK BOARD REPORT ON MEASURES TO PREVENT RECURRENCE OF "REPUBLIC SITUATION"

This is in response to subcommittee request for a detailed explanation of each and every measure we can and will take to prevent a recurrence of lending practices of the type encountered in Republic S. & L.A., Washington, D.C.

When such lending practices are first found, the Board's supervisory agents warn the directors of the dangers involved and request reconsideration of their policies. This is done either by letter or in a conference

with the directors. If the lending practice is minor and if the directorate is cooperative and willing to be guided by supervision a letter will usually suffice. If the lending is substantial or if the directors are obdurate or uninformed a conference may be necessary. At such a conference emphasis is placed on the responsibility of directors (to maintain a safe and sound operation) purpose of a savings and loan (to provide economical home-ownership loans) and the need for corporate citizenship (to see that its lending program also helps to serve the public).

An early examination is then scheduled (probably in 6 months' time) to determine whether the objectionable lending practices have in fact been stopped. If so, the matter is closed, although each later examination will be especially geared to detect another outbreak. If the objectionable lending practice continues, the examiner gathers facts as to its extent and methods. Independent appraisals are ordered as necessary to determine the extent of excess risk exposure. With this information, the supervisors are in a position to order an immediate halt to such practices under threat of legal action in the form of a cease-and-desist order by the Federal Home Loan Bank Board.

Usually the response to such a directive will be favorable and the examiners will be scheduled to make a special spot-check examination within 4 months to check on the extent of compliance. If the practice has, in fact, stopped no further action is necessary. If it has not stopped a cease-and-desist proceeding may be commenced without further delay.

Once a cease-and-desist order has been made final, violations of the order are grounds for the appointment of a conservator. Whether such action would be taken depends on the particular case. If a conservator is appointed, the conservator can, at the direction of the Board, reorganize the association and return it to a directorate and management which will follow sound and prudent lending practices.

APPENDIX D—MISCELLANEOUS TABLES OF SUBCOMMITTEE SURVEY

(Percentage of District in-force loans for property west of Rock Creek)

Citizens Federal Savings & Loan Association	87
Capital City Savings & Loan Association	3
Columbia Federal Savings & Loan Association	29
District Building & Loan Association	2
Eastern Federal Savings & Loan Association	3
Enterprise Federal Savings & Loan Association	4
Equitable Savings & Loan Association	21
First Federal Savings & Loan Association	23
Franklin Federal Savings & Loan Association	2
Guardian Federal Savings & Loan Association	8
Home Building Association	27
Home Federal Savings & Loan Association	9
Independence Federal Savings & Loan Association	34
Interstate Building Association	43
Jefferson Federal Savings & Loan Association	39
Liberty Savings & Loan Association	10
Lincoln Federal Savings & Loan Association	.06
National Permanent Savings & Loan Association	30
Northwestern Federal Savings & Loan Association	7
Washington Permanent Savings & Loan Association	26

(Percentage of in-force loans in low- and moderate-income areas of the District of Columbia[1])

Citizens Federal Savings & Loan Association	13
Capital City Savings & Loan Association	36
Columbia Federal Savings & Loan Association	12
District Building & Loan Association	85
Eastern Federal Savings & Loan Association	58
Enterprise Federal Savings & Loan Association	73
Equitable Savings & Loan Association	8
First Federal Savings & Loan Association	5
Franklin Federal Savings & Loan Association	70
Guardian Federal Savings & Loan Association	68
Home Building Association	33
Home Federal Savings & Loan Association	60
Independence Federal Savings & Loan Association	92
Interstate Building Association	2
Jefferson Federal Savings & Loan Association	46
Liberty Savings & Loan Association	25
Lincoln Federal Savings & Loan Association	51
National Permanent Savings & Loan Association	17
Northwestern Federal Savings & Loan Association	7
Washington Permanent Savings & Loan Association	15

[1] The above tables represent approximations because the various areas included in the survey were not defined with exactitude. The subcommittee wanted to get a general idea of lending patterns as expeditiously as possible. If we had defined the geographical areas in the survey more exactly, it would have meant a time-consuming review of each loan portfolio by the associations. Indeed, the associations whose names do not appear above were unable to answer the pertinent survey questions because of the time factor.

DISTRICT SAVINGS AND LOAN ASSOCIATIONS WHICH MADE 10 OR MORE LOANS TO 1 PERSON

Association	Number of persons	Number of loans	Loan total
Equitable	3	59	$4,548,061
Home Federal	2	27	529,151
Perpetual	15	374	5,611,035
Washington Permanent	7	130	4,827,121
Enterprise	3	37	323,276
Eastern	4	55	457,841
Guardian	9	210	2,761,384
Franklin Federal	5	87	579,251
Capital City	2	25	504,370
First Federal	1	12	371,422
Prudential	3	71	4,098,443
National Permanent	6	116	3,185,673
Liberty	1	18	420,827
Jefferson Federal	16	294	5,749,586
Total	77	1,515	33,967,441

DISTRICT SAVINGS AND LOAN ASSOCIATIONS INDICATING VIOLATION OF MAXIMUM LOAN REGULATIONS OF FEDERAL HOME LOAN BANK BOARD AND FEDERAL HOUSING ADMINISTRATION

Association	Number of sales facilitated by loans	Number of violations
Jefferson Federal	5	4
Interstate	13	6
Guardian	9	5
Capital City	3	3
Enterprise	1	1
Eastern	5	1
Franklin	21	15
Liberty	2	1
Perpetual	11	7
American	1	1
Total	71	44

(Percentage of in-force loans made on District of Columbia property by District savings and loans)

	Percentage
American Savings & Loan Association	18
Citizens Federal Savings & Loan Association	100
Capital City Savings & Loan Association	37
Columbia Federal Savings & Loan Association	17
District Savings & Loan Association	87
Eastern Savings & Loan Association	60
Enterprise Federal Savings & Loan Association	76
Equitable Savings & Loan Association	29
First Federal Savings & Loan Association	6
Franklin Federal Savings & Loan Association	71
Guardian Federal Savings & Loan Association	74
Home Building Association	50
Home Federal Savings & Loan Association	66
Independence Federal Savings & Loan Association	95
Interstate Building Association	4
Jefferson Federal Savings & Loan Association	85
Liberty Savings & Loan Association	37
Lincoln Federal Savings & Loan Association	51
Metropolis Building Association	43
National Permanent Savings & Loan Association	24
Northwestern Federal Savings & Loan Association	14
Oriental Building Association	--
Perpetual Building Association	58
Prudential Building Association	23
Washington Permanent Savings & Loan Association	42

Real estate mortgages in force at 25 savings and loan associations in the District of Columbia

Total number of real estate loans	119,366
Total number of real estate loans in District of Columbia	47,847

Loans in District of Columbia, owner occupied and rental, 18 savings and loans reporting

Owner occupied	16,491
Absentee landlord	5,046
	21,537

Loans in District of Columbia, owner occupied and rental, by section, 13 savings and loans reporting

Owner occupied:	
Northwest	6,582
Northeast	3,863
Southwest	103
Southeast	1,811
Total	12,359
Absentee landlord:	
Northwest	2,033
Northeast	1,426
Southwest	7
Southeast	977
Total	4,443

ROSE KENNEDY AT 80

HON. ALLARD K. LOWENSTEIN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 22, 1970

Mr. LOWENSTEIN. Mr. Speaker, today is the 80th birthday of Mrs. Joseph P. Kennedy, and she is of course spending it restfully, dedicating buildings with the Emperor of Ethopia. From now on the word "octogenarian" will have a new and rather exotic ring, for it will have to be stretched somehow to include this dauntless and vibrant woman who goes on, thank God, even when it seems doubtful that anything else will.

This country and the world are too deeply indebted to Rose Kennedy to do much about the debt beyond recognizing it and expressing our enormous gratitude and love to her on a great occasion like this. She knows of course how lasting and profound a gift she has made to the world through her sons, but she cannot begin to understand what it means to have her in our midst through these difficult times.

Men will honor this family as long as they read history, but today millions of her fellow countrymen want to convey specific and personal thanks to Mrs. Kennedy herself. More nearly than anyone else, she has been the mother of Presidents, but more even than that, she has made Americans proud that it was America that produced her, and thus America that gave people everywhere a model of gallantry and grace in the face of continuing adversity that has made people face their own lesser adversities with greater courage. A whole nation, staggered by the most awful wounds at the heart, knows hers were the gravest wounds, and is strengthened by the triumph of her life.

She has become a national asset and a boon to the human spirit, and she has become these things simply by being and remaining her extraordinary self. She may have started as the glue that held her family together, but now we are all somehow her family, and she has become the glue that holds us together too.

Above all, she has taught us that it is unnecessary to be defeated by the unacceptable, and that is the essential lesson if we are to have any chance to make sense of ourselves and of this tired and bruised planet.

I include in the RECORD at this point an article about Mrs. Kennedy and a remarkable interview with her that appeared recently in Life magazine:

ROSE KENNEDY AT 80

She keeps about her, as she always has in the big, airy old house in Hyannis Port, her paintings, her flowers, her portraits of those giants, her men-folk. All of these are touchstones to a past at once glorious and tragic—interwoven, now, with her nation's history. Many people might have tried to shut away all memory of those sad events, and they marvel that she has not. Instead, Rose Kennedy lives amid its tokens at Hyannis. Alone now, she thrives, it seems, on the bustle of a new generation of her remarkable clan. At 80, she sits pert and smiling at her polished concert grand and belts out *Sweet Adeline*, her father's campaign song, just as she did back in the 1900s when "Honey Fitz" was politicking his way into legend. By the time she was 15, she was already an accomplished christener of ships and shaker of hands, but, she decided, "Pink teas bore me." While her men—husband Joe, sons Joe Jr., John, Robert and Edward—were becoming rich and famous and powerful, her daughters personages in their own right, Rose never allowed herself to remain a mere adornment. She was, said Jack, the very glue that held the Kennedys together. "I don't think I know anyone who has more courage than my wife," said old Joe once. "In all the years that we have been married, I never heard her complain. Never. Not even once."

God will not give us a cross heavier than we can bear. Either you survive or you succumb. If you survive, you profit by the experience. You understand the tragedies of other people's lives. You're more sympathetic and a broader person.

It helps other members of the family if I am cheerful rather than if I were depressed or felt completely beaten. I made up my mind that I wouldn't allow it to conquer me. I think Jackie and Ethel were very wonderful. They have never really distressed us by an undue demonstration of grief or sorrow. They've always maintained poise and equanimity, which makes it easier for everyone.

Teddy's wife Joan is so talented in music. She used to play the piano while we sang in the evenings in Hyannis Port. Once, after we had lost Jack, we tried to sing some of the songs that he had liked. One of us got depressed and that was—well, we all collapsed, so we closed the piano quickly and everybody went home. We discontinued our singing after that.

You just keep busy. Some people get bored, and are boring. You keep interested in other people and in different activities. I've always had a mind that was probing and curious and I've had the opportunity to use it. It seems there is so much to read you can't get through it. I want to take up speed-reading.

I hope I have benefited a good many people in the fight against mental retardation. So many parents have suffered this heartache, but we had the means to do something. I had so many normal, healthy children—two of them born before my daughter Rosemary—so you know it wasn't a health deficiency in me or Mr. Kennedy. It almost seems preordained that Rosemary should have been given to us so that others might benefit.

I think to lose a husband when you're young is a very great tragedy—very hard on the girls, on the President's wife and Ethel. It is much more severe and heartbreaking, I think, than for a mother to lose a son. I had a wonderful life with my husband, a very happy and complete life on every level, from every angle.

I can have the grandchildren here more and more now. When Mr. Kennedy was ill, he had to have the house quiet. I have the young people separately, by age, so the older ones won't be there taking attention away from the younger ones.

Teddy takes his responsibilities very seriously. I worry about him only a little. . . . He is a solitary figure. There is no point denying that he is, and for the rest of his life he will be, alone—that is a truism. Once he lost Bobby, he lost a companion in strength and advice and responsibility. . . . He spends a great deal of time worrying about his weight, usually while he's eating ice cream. He doesn't exactly have the Lincolnesque look which he'd like.

People think that all I do is go to church, because that's when the photographers know where to find me, and the rest of the day they don't see any sign of me. I'm going to change my image. I'm going to Europe again and I'm going to be seen coming out of a nightclub, or I'm going to be in a bikini on the Riviera next time! So don't be surprised. I'm tired of that other image. But better not make it too rollicking. Teddy might not like that. Teddy wants me to be taken seriously.

SURVEY OF NEW BUILDING

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. ROSTENKOWSKI. Mr. Speaker, during his press conference in Los Angeles last evening, Mr. Nixon made several references to the "cooling of the inflationary forces." In answer to a question concerned with the July rise in the Wholesale Price Index, the President was quick to note that he was more interested in the overall economic picture for the past 6 months and not for any 1 month. I must agree with the President that a 6-month analysis of economic trends would be far more meaningful than the examination of any 1 month. For this reason I am enclosing for publication in the RECORD, housing statistics of the city of Chicago, furnished to me by the Bell Federal Savings & Loan Association. These statistics show that June was a bad month in Chicago, as were each of the previous 4 months. In fact, in certain categories, housing construction in the Chicago area hit a new postwar low. With these figures in mind, I must ask the President, just what do you mean by the "cooling of the inflationary forces?"

The statistics follow:

SURVEY OF NEW BUILDING—BELL FEDERAL SAVINGS AND LOAN ASSOCIATION—CHICAGO METROPOLITAN AREA

HOMES AND APARTMENTS DECREASE AGAIN IN JUNE

Permits for new homes and apartments in the Chicago metropolitan area declined for the fifth time this year from the comparable month of last year. Single family homes plunged 45% from last year to establish a new postwar record low for June, while apartments slipped only slightly from last year.

Permits were issued for 1,111 single family homes in the six county metropolitan area compared with 1,979 last year. The previous lowest level for June was 1,643 in 1946. Homes decreased 47% in the suburban towns (from 1,422 to 755) and 55% in the unincorporated areas (from 498 to 223). In contrast, City of Chicago reported an increase in homes, 133 permits compared with 59 a year ago.

The entire metropolitan area reported 3,255 apartment units against 3,382 units last year, a decrease of 4%. Apartments rose sharply in the City of Chicago from 542 units a year ago to 1,520 units. Apartments decreased in the suburbs (from 1,815 to 1,705 units) and in the unincorporated areas (from 1,025 to 30 units).

The seasonally adjusted annual housing rate rose 40% from May. Permits were issued at an annual rate equivalent to 40,800 housing units (10,176 homes and 30,624 apartment units). The May rate was at 29,-100 housing units (10,296 homes and 18,804 apartment units).

The total building permit values for all

types of construction (residential, commercial, industrial, etc.) dropped 30%, from $155,424,433 to $109,177,857. Permit values decreased 21% in Chicago, 24% in the suburbs and 61% in the unincorporated areas.

The Rockford metropolitan area reported 64 single family home permits compared with 77 last year. Permits were issued for 129 apartment units against 374 units a year ago. The total value of all building permits decreased 53%, from $8,320,759 to $3,882,643.

HEALTH CARE

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 30, 1970

Mrs. HECKLER of Massachusetts. Mr. Speaker, today the House is considering two bills of importance to our Nation's ability to provide the finest health care to our citizens. Both the Developmental Disabilities Services and Facilities Act of 1970 and the extension of programs for training in the allied health professions are vital if we are able to continue to improve medical care in this country.

It is clear that the United States is facing a growing crisis in the health care field. Hospital costs are growing at the rate of about 12 percent per year. This is more than twice the cost-of-living increase. Also, we have an estimated shortage of 48,000 doctors, 17,800 dentists, and 150,000 nurses.

About two-thirds of the workers in the medical care work force are those professional, technical, and vocational workers in allied health occupations who supplement and compliment the traditional health team of doctors, dentists, and nurses. The Department of Health, Education, and Welfare estimates that we need about 266,000 more people in the allied health occupations.

Such frightening statistics make clear the fact that unless we can develop creative and innovative programs to combat these problems we are going to witness a serious deterioration of our ability to deliver outstanding medical care.

It is becoming more apparent that many medical assistance programs which were developed in the past have been far too rigid, misdirected or shortsighted. It is our duty and responsibility to make certain that we do not allow health programs to fall into these categories.

For example, the valuable and successful Hill-Burton program was initially adopted immediately after World War II at which time half of the Nation's counties had no hospital. Because of this problem, the thrust of the act was to provide assistance to rural areas.

Hill-Burton did its job well but it resulted in a formula which gave priority to rural areas even after the rural needs had been satisfied to an important extent. Attempts to adjust the formula to give reasonable priority to urban and suburban areas failed until nearly 20 years after the initial enactment. It was only in 1966 that a formula was adopted which allocated funds to the States on the basis of need. The improvement in the formula has given us a superior program which puts assistance where the need is greatest.

Another problem and one of the most important reasons why hospital costs are rising so rapidly is that many Federal programs as well as nearly all private insurance policies place a premium on hospitalization. This forces many doctors to place their patients in a hospital even though outpatient treatment would be satisfactory—or even preferable.

Unless the legislation we approve is designed to promote outpatient care it will be unsuccessful in alleviating the existing demands on hospital services and the resultant rising costs. Preventive medicine is a good investment for the Government as well as for the individual.

The concept of the vertical versus the horizontal patient makes clear the direction we must take. The vertical patient comes to the hospital or the doctor's office for necessary treatment and then leaves when the treatment is completed. He spends his time at home and possibly even at work.

The horizontal patient is the one who uses the hospital services full time. In effect, he lives at the hospital requiring hospital services even when he is not undergoing treatment. Our goal must be to reduce the percentage of horizontal patients by encouraging hospitals, doctors, and patients to attempt to increase the number of vertical patients.

The two bills we are considering today are in the mainstream of the trend toward realistic, effective health care programs. In extending and improving the Allied Health Professions Personnel Training Act of 1966 we are recognizing the important role played by allied health workers who include, among others, medical technologists, therapists, and assistants.

Adequate numbers of allied health personnel increase the ability of doctors and nurses to meet the demands on their time as well as insuring improved care for the patients.

In addition, I am confident the House will approve today the extension of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963. This act authorizes valuable programs in the field of mental health.

The problems of mental retardation are complicated by the centuries of tradition that ignored the problems of mental health and treated those with mental illness as cast-offs from society. Only in this century have we undertaken to treat mental illness and only in the very recent past have we begun to make available effective treatment for the mentally retarded.

Most estimates suggest that around 3 percent of the population of the United States suffers from mental retardation. This amounts to 6 million adults and children.

The burdens of mental illness, however, go beyond this because an additional 20 million persons are members of families who must meet the serious demands and needs of the mentally ill.

With proper training and assistance, many of the mentally retarded can live much more rewarding lives for themselves and can begin to make a contribution to society.

I am confident that legislation coming before this body relating to health care will continue to be as meritorious as the two bills we are debating today. I shall continue to work to insure that this is the case. We cannot afford to adopt measures which do not contain flexibility and innovation.

The National Advisory Commission on Health Manpower, which was appointed by President Johnson, reported in 1967 that while the cost of medical care was skyrocketing the quality of the care being provided was not increasing proportionately. In addition, the Commission noted that current problems in the medical field stem from a lack of leadership and an unwillingness to change within the health establishment. This is what we must overcome and I am confident we shall.

MR. J. C. BORAH OF FLORA, ILL.

HON. KENNETH J. GRAY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. GRAY. Mr. Speaker, America has carved herself out of the wilderness in a short 194 years because of the determination, inspiration, and perspiration of a lot of dedicated Americans. From the days of our early pioneers to the present time, we have seen a lot of leaders and a lot of good followers. In order to have good followers, we must have dedicated leaders in all fields of endeavor if our country is to stay ahead of our adversaries technologically, morally, and spiritually.

Mr. Speaker, one of the greatest leaders I have ever known recently passed away. A long time personal friend of mine, Mr. J. C. Borah of Flora, Ill., was an automobile dealer in Southern Illinois for many years, but excelled himself in activities helpful to his fellow man. J. C. Borah was active in military affairs from the time during World War I, when he enlisted in the Royal Canadian Air Force, until he was called to active duty in the Air Corps Reserve during 1941 when he served as a contracting and procurement officer in which his position allowed him to obtain the Nordon bomb site and the gliders used in the Normandy invasion. Mr. Borah was a guiding force in the establishment of the airport in Flora, Ill., having served as chairman of its authority, and was president of the Illinois Public Airports Association. J. C. Borah was a promoter of the Clay County Hospital, a former president of the Chamber of Commerce, and a charter member of the Elks Club.

Mr. Speaker, the Illinois General Assembly recently passed House Resolution No. 527 in memory of J. C. Borah. I

well recall trips Mr. and Mrs. Borah made in the past to Washington and especially Mr. Borah's visits to the Capitol Rotunda and the Capitol Prayer Room. He took great pride in his country, its religious principles, its flag, and its great institutions—J. C. Borah was a 100 percent American. Mr. Borah leaves an outstanding wife and family.

Mr. Speaker, under previous order granted me I would like to have printed a recent article which appeared in several southern Illinois papers. It also includes the language of House Resolution No. 527, offered by Representative Leslie N. Jones, Republican of Flora, and adopted unanimously by the Illinois General Assembly. I want to join Representative Jones and other State and Federal officials in mourning J. C. Borah's passing and in extending to Mrs. Borah, the children, and other members of the family, our deepest sympathy and belated condolences at the passing of this great man.

The article follows:

ILLINOIS LEGISLATURE'S RESOLUTION COMMENDS FLORA'S J. C. BORAH—CITES MANY ACCOMPLISHMENTS

The late J. C. Borah, long-time Flora resident and businessman who died here recently, was the subject of a resolution, introduced in the Illinois General Assembly by Rep. Leslie N. Jones, Flora, and passed unanimously by the Illinois House shortly before it adjourned at the end of May.

The resolution cites Borah for his outstanding public service, not only in the Flora community but in the state as a whole, particularly in the field of aviation, and expresses regret at his death. A number of Representatives who are particularly interested in the promotion of aviation joined Rep. Jones in sponsorship of the resolution, which states as follows:

HOUSE RESOLUTION NO. 527

Whereas, This body was saddened to learn of the recent death of James Clinton Borah, of Flora, Illinois, a man whose outstanding contributions to society will long be remembered; and

Whereas, He was born in Jackson, Tennessee, received his education in Princeton, Indiana and moved to Flora, Illinois in 1944; and

Whereas, Although his life's work was in the automobile industry, Mr. Borah was extremely interested in aviation and during World War I he enlisted in the Royal Canadian Air Force but was discharged due to his age; and

Whereas, He joined the Air Corps Reserve, was called into active duty in July 1941 and served as a Contracting and Procurement Officer in which position he was instrumental in obtaining the Nordon Bomb sight and the gliders used in the Normandy invasion; and

Whereas, Mr. Borah was a guiding force in the establishment of the airport in Flora, Illinois, became chairman of its Authority and has served as President of the Illinois Public Airports Association; and

Whereas, Always active in civic affairs he was a promoter of Clay County Hospital, a former President of the Chamber of Commerce and a Charter member of the Elks Club; therefore be it

Resolved, by the House of Representatives of the Seventy-sixth General Assembly of the State of Illinois, that we express our deep regret upon the death of James Clinton Borah, whose outstanding accomplishments will long be remembered and that a copy of this preamble and resolution be sent to his family.

WHY NO GREAT OUTCRY FOR U.S. POW'S?

HON. WILLIAM L. DICKINSON

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. DICKINSON. Mr. Speaker, there has been a great public outcry raised over the conditions and treatment accorded the inmates at Conson Island prison in South Vietnam. The national news media has found the conditions and treatment at Conson to be more newsworthy than the abominable, inhumane conditions of American prisoners of war held in Vietcong and North Vietnamese prison camps. This, I simply cannot understand.

It is strange and ironic to contrast between the coverage by the media in the Conson prison story which has preoccupied television commentators and newspaper editorialists for the last several weeks and the coverage—or should I say the lack of coverage—of American prisoners of war held by Hanoi.

The fact is, there are no POW's from North Vietnam held in so-called tiger cages. There have never been prisoners of war held in these isolation units. Moreover, Mr. Speaker, Conson Island prison is a civil prison which houses the criminal population of South Vietnam. There are over 9,000 prisoners there; according to State Department officials, they are not political prisoners. To put Conson in perspective, I think it is well to remember that even before the visit of the House subcommittee, inspection teams from the International Red Cross visited and inspected that prison twice last year. Their reports, while not glowing, certainly did not paint as gruesome a picture as we received from our television networks here at home. Their reports noted that the prisoners were not political prisoners, but were persons found guilty of crimes of violence and other criminal acts.

By American standards, the conditions as reported in South Vietnam's Conson prison were outrageous. By Asian standards, I suppose they were not uncommon. What is significant, however, is the Government of South Vietnam has taken steps to correct these conditions. Tiger cages were used in the past, and their use is deplorable. But they were used only for recalcitrant prisoners, and never for prisoners of war.

Mr. Speaker, there are only 29 POW's at Conson Island prison. These prisoners were convicted of murder of guards or fellow inmates while imprisoned in one of the six Red Cross-inspected prison compounds. Their rights, as well as all of the POW's in the South Vietnamese camps, are assured by inspection teams of the International Red Cross. They have been treated properly, following tenets of the Geneva Convention, and I must emphasize that no South Vietnam-held POW has been subjected to the now defunct tiger cages.

I suggest that the news media become concerned with what is happening to our servicemen held in the North Vietnamese dungeons and the Vietcong's "bamboo cages." The Vietcong and the North Vietnamese must quit playing their games with American prisoners. Whether Hanoi believes it or not, the American people are concerned, and further withdrawal of our troops should be contingent upon the compliance by the North Vietnamese of the Geneva Convention dealing with prisoners of war.

At this time, Mr. Speaker, I commend to my colleagues the following article by the able columnist, Mr. Victor Riesel:

[From the Birmingham (Ala.) News, July 29, 1970]

WHY NO GREAT OUTCRY FOR U.S. POW'S?

(By Victor Riesel)

NEW YORK.—Right. Those tiger cages in the Poulo Condor (Con Son) prison are rotten. Their guards are sadistic. The torture is white heat hell and monkey-sized cells are not for humans. Right.

But where amid the outcry is there a strong voice sobbing for the American prisoners of war held by the government in North Vietnam, caged by the underground communist cadres in Laos and imprisoned by the Viet Cong in South Vietnam?

There is a voice, scarcely heard amid the din of those who always are horrified by Saigon's depredations and never once take Hanoi as a personal insult.

The voice is that of Ross Perot, the Dallas computer genius whom the public recalls mostly as the man with the magic electronic touch who lost over $100 million daily for over a week last May.

I talked with Mr. Perot the other day shortly after he had used the transcontinental telephone to urge his South Vietnamese friends to clean up Con Son.

"Over 1,500 American prisoners of war are rotting in North Vietnam, Laos and South Vietnam," said Perot who has flown the world, knocked on all doors, beseeched all diplomats including the utterly inscrutable Oriental envoys from Hanoi now in Paris, Stockholm and once in Cambodia.

"These men are kept in bamboo cages, caves, holes, chained to trees and held in solitary confinement. Some of these men have been prisoners longer than any other prisoner of war in our nation's history."

There are scores of diplomats who know these grimnesses. There are Americans who have been to Hanoi (they shuttle in regularly) and who know or should have known of the caged Americans.

Like the 21 protesting senators, they bleed over the tiger cages—though some Arkansas prisons are well up in that dark league. Yet they will not antagonize Hanoi with a single harsh word or even appeal for the Americans' freedom, or even a quiet demand for the list of prisoners' names so young women will know if they are wives or widows and kids will know if they have a dad.

"The North Vietnamese have very little interest in the prisoners of war," Perot continued. "They will agree that upon completion of interrogation, a prisoner of war loses all military significance and becomes a burden to his captor, using food, facilities and guards.

"As for food, the American prisoners live on a diet of fish heads, pumpkin stew and pig fat. I had this diet prepared for a number of newsmen. No one sampled it. You would have to be starving to eat it."

Yet some of the American soldiers, Marines and airmen have been in the bamboo cages for more than six years. Is a bamboo

cage more safe a haven, more comfortable a prison than a concrete tiger's den?

Yet nowhere but in the U.S. is a voice or two raised in their behalf. One of those voices is that of the longshoremen's leader, Johnny Bowers, tough but soft toned, icy but run through with the compassion of a man who can't stand being shackled himself.

Since April 13, "Johnny," executive vice president of the 110,000-member International Longshoremen's Assn. (AFL–CIO) has asked the Soviet government at least to get the list of prisoners' names from its ally, North Vietnam. Never has Mr. Bowers raised a "hard hat" issue in his attempted dialogue. On that day he wrote to Soviet Ambassador Anatoly Dobrynin, offering to end the union's boycott of Soviet ships in Atlantic and Gulf Coast and Great Lake ports if the USSR would help.

Johnny Bowers is a bargainer. His men, he said, would unload one Soviet freighter or luxury liner for every five American prisoners of war which the Russians could convince Hanoi to release. But all "Johnny" got was a loud silence.

However, not so silent has the Soviet press and radio been on the "tiger cages." And Hanoi's daily Nhan Dan has excorciated the Con Son prisons. And they say that American congressmen have not seen anything yet in South Vietnam. Now would be the time for these congressmen to petition Hanoi—on strictly a humanitarian, not political basis—for the chance to see Hanoi's prisons, pens and cells used for Americans and their own political prisoners.

In effect, this is what Ross Perot has been urging during his chartered flights across the world.

"The North Vietnamese consider the 1,500 prisoners of war unimportant," Perot related to me. "In one conversation they said, 'Why all this fuss over just 1,500 men? These prisoners are unimportant.' I tried to explain to them that in our country every life is precious, and that 200 million Americans can become deeply aroused over 1,500 helpless men being starved, tortured and beaten."

The North Vietnamese replied that they did not believe Mr. Perot.

"Your nation has lost over 40,000 men in this war," they told Perot. "Yet, after years at war, most of the American people have not become aroused in any way, either for or against the war. Why should we believe that your people care about just 1,500 prisoners?"

In this the enemy will be proven right if the horror billowing up over the tiger cages is not matched by an outcry for the well-being of Americans in bamboo cages.

CITY CONGRESSMEN ARE FRIENDS OF AGRICULTURE

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. HUNGATE. Mr. Speaker, an editorial in the Progressive Farmer of July 1970, indicates that America's farm communities have many friends among the Congressmen and Senators who live in urban areas. I thought the following article would be of interest in view of the farm legislation soon to be considered:

CITY CONGRESSMEN ARE OUR FRIENDS

Some of agriculture's best friends in Congress come from big-city districts. A recent *Farmers' Union Washington Newsletter* reported that on six key issues of concern to agriculture (program, food, appropriations) 108 Congressmen from the largest cities in the United States voted 416 times "for," and 153 times "against" farm interests. That's nearly a 3 to 1 favorable vote.

The voting record of Senators from large cities was even better. On the six issues, 12 big-city Senators voted favorably to farm interests 84% of the time.

Some of the names of Senators voting 100% for agriculture may surprise you. On this list were: Edward Kennedy, Boston; Eugene McCarthy, St. Paul; Walter Mondale, Minneapolis; Stuart Symington, St. Louis; Alan Cranston, Los Angeles; and Stephen Young, Cleveland.

Among city Congressmen singled out for favorable votes on agriculture were Dan Kuykendall, Memphis, and Hale Boggs and Edward Hébert, New Orleans, and a number of others from big-city districts outside the South.

We are inclined to think agriculture has more strength in the Congress than is generally realized. City Congressmen are acutely aware of the necessity for a healthy agriculture. Their concerns are first for an adequate food supply, but beyond that many are taking the longer look at living space for teeming millions piling up in the cities.

One of our major farm organizations now claims to have more members than any labor union. Haven't we every right to expect them to be as effective in legislative matters?

VISIT TO UNITED ODD FELLOW AND REBEKAH HOME

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BIAGGI. Mr. Speaker, during the past months several Members of this body and others have charged that the nursing homes of this country neglect their patients, operate solely for their own profit and have no interest in the maintenance of proper health care, living conditions, and recreational facilities.

I recently visited one such home in my district in New York to determine whether the charges were true for all nursing homes. In visiting the United Odd Fellow and Rebekah Home located at 1072 Havermeyer Avenue in the Bronx, I was pleased to see that not only did the charges not apply to this institution, but rather this home could well serve as a model for all other homes which might receive Federal funds.

It was a refreshing experience talking with the residents and administrators of this voluntary, nonprofit home. The 130 men and women, whose average age is 81, live in the most modern fireproofed building. Each room has facilities for two people. The food, which is prepared under the guidance of a qualified dietitian, is served in a handsome dining room. There is an infirmary on the premises which is accredited by the New York State Department of Health. It is staffed by two doctors, registered nurses, a dentist, podiatrist, psychiatrist, physiotherapist, and other professional staff.

The institution also provides programs for occupational and recreational therapy to keep the residents mentally alert and pleasantly occupied during the day. There is no question that the home does a fine job of providing the four basic needs of an elderly person: housing, food, companionship, and freedom from the fears of old age infirmities.

Interestingly enough, this home is able to keep its maintenance costs at a level that is far below that at proprietary homes, municipal hospitals and city-operated homes. I sincerely hope that in our discussion of the problem associated with old-age homes attention is given to the fact that many homes operate efficiently and in the best interests of their residents.

Likewise if our senior citizens are to continue to have such fine homes to administer to their needs, proper Federal assistance is necessary and should be forthcoming. Let us not let a few unconscionable operators of old-age homes discredit the many honest and dedicated individuals working to make the later years of someone's life a bit more pleasant and comfortable.

As a point of information, the Independent Order of Odd Fellows, which operates the Havermeyer Avenue home, was founded in 1819 to administer to the needs of the aged. In 1827 they established their first home for indigent Odd Fellows in Pennsylvania. In later years they expanded their services to include a women's branch called the Rebekahs and also a branch to care for orphaned children. Today the organization maintains 62 homes throughout the United States.

TRUTH IN WARRANTIES

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. ROSENTHAL. Mr. Speaker, the consumer is often misled by the language of a product warranty. His expectation of service for a product often exceeds what the manufacturer intends to provide, or, indeed, is legally bound to provide. Today I have introduced a bill which will help to alleviate some of this confusion by setting minimum Federal standards for both content and disclosure in warranties. Because product warranties have become more and more popular as promotional marketing devices, it is important that the consumer clearly understand what services he can really expect from the warranty or guarantee.

The consumer must also know how to go about getting this protection and service he has purchased. This bill will assure that both the terms of the warranty and its means of fulfillment are clearly disclosed.

Setting up Federal standards for warranties will make them a more useful gage of comparative product reliability. Consumers may expect, under this bill, what warrantors will live up to their promises more readily.

This bill has just been passed by the Senate in this form. I hope it meets with the same success in the House very soon.

After many promises, the consumer

deserves more truthfulness in warranties. This bill will make this development more likely.

SNEAKY AVIATION HIDDEN TAX

HON. LAURENCE J. BURTON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BURTON of Utah. Mr. Speaker, on May 21, 1970, the Airport and Airway Development Act of 1970 was enacted. A disturbing feature of this law is the "single fare concept," which was written in by the Senate. As an intended consumer-oriented provision, this "single fare concept" actually is a blatant contravention to the consumer's right to know how much tax must be paid for air travel. This seems completely dishonest to me. I do not believe in hidden taxes. Unfortunately, taxes must exist to cover our cost of Government, however, it still seems to me only fair that the citizens know how much they are being taxed. To allow the airlines not to show the tax charged is a dangerous precedent.

It has also been pointed out that this provision was in neither the Senate-passed bill nor the House version, but inserted presumably during conference. This too is unjustifiable.

An editorial from the Ogden, Utah, Standard-Examiner on July 11 indicates the general public indignation. The editorial follows:

SNEAKY FEDERAL AVIATION TAX BOOST

The sneakiest thing we've encountered in a long time is the way that the federal government has increased its transportation tax.

The rate went from five per cent to eight per cent on July 1. But Utahns buying airline tickets won't notice it. Under the screwball law, clerks are prohibited from voluntarily mentioning the new tax—or putting it on the ticket or bill.

Any clerk who violates the law is subject to a fine of $100!

It's put the air travel business in a real turmoil, according to Ogden agents.

Industry spokesmen, led by President Stuart Tipton of the American Transport Association are not objecting to the three per cent boost by itself.

They recognize that the additional revenue is supposed to be plowed back into the airways in the form of airport improvements, modern navigation equipment, better landing aids and more control tower personnel.

Great. These things are long overdue.

The gripes are about the way the increase is being handled.

Prior to July 1 airlines and travel agents quoted the basic price. They usually volunteered that there would be an additional five per cent tax. If the fare was $100, the tax would be $5 for a total of $105. Simple.

Not now.

For the same trip an agent would say only that the price was $108.

Not until the traveler asks, "Any tax?" can the clerk say, "Yes, eight per cent."

Agencies are worried that their staff members, out of habit, will break the new rule. This would make them potentially liable to the $100 fine.

That's not all.

It used to be that you frequently paid a fare of so many dollars and so many cents. No more. It's rounded off to the next HIGHEST dollar, including the tax.

Take the base fare. Salt Lake International to Philadelphia. In the books, it's $143—even. Add 8 per cent or $11.44. Should be $154.44. But the trip will cost you $155. A round trip's $310, not $308.88.

When the wife's ticket on a family plan is purchased it's—in the case of a Philadelphia flight—75 per cent of that $155, not 75 per cent of the basic $143, plus 8 per cent.

Then there's a new thing called an international departure tax of $3. It applies from New York to London. But to add to the screwy characteristics of this new law, it also applies to Alaska and Hawaii.

If you take a circle tour, Utah to Alaska to Hawaii to Utah the $3 applies on three of the four legs of the fight for a total on the circle jaunt of $9.

Alaska and Hawaii are international?

We thought they were the 49th and 50th states!

Congress' idea was to make the airways improvement tax increase a hidden tax—similar to that on gasoline, liquor, cigarettes and other commodities.

They succeeded. It's hidden. And the "experts" who wrote this mixed up legislation should be hidden, too. Hidden so far back that their red faces won't shine when courts as they should, find this sneaky law to be unconstitutional. Its sponsors in Congress can't be proud, either.

LEGISLATION TO STRENGTHEN ANTIBOMBING LAW BY INCREASED PENALTY PROVISIONS AND EXPANDING SCOPE

HON. WILLIAM C. CRAMER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. CRAMER. Mr. Speaker, yesterday morning I testified before Subcommittee No. 5 of the House Judiciary Committee on my bill, H.R. 16743, to strengthen the antibombing provisions of section 837 of title 18 of the United States Code. Because of the importance of this subject, I am inserting my testimony in the RECORD:

TESTIMONY OF THE HONORABLE WILLIAM C. CRAMER

I appreciate the opportunity of appearing here today to testify on behalf of H.R. 16743, my bill to strengthen the antibombing provisions of section 837 of Title 19 of the U.S. Code.

Back in the 86th Congress, I joined as a cosponsor of the original legislation. At that time, I was a Member of this illustrious committee and participated in deliberations on this most important measure.

When P.L. 86-449 became the law of the land, I felt that we had, at long last, provided adequate means for coping with this most despicable and destructive of all crimes.

But I was wrong!

The current epidemic of bombings throughout our land makes it abundantly clear that grave deficiencies exist in the present law. As a result of them, our primary aim has not been accomplished. The violence-prone have not been deterred. In fact, law-abiding citizens are being killed and maimed in ever increasing numbers.

In recent months there has been a shocking increase in bombings and other forms of related violence across the length and breadth of our land. Within the last few weeks alone an Army Camp in Sparta, Wisconsin, an office garage in downtown San Francisco, and a Bank of America branch on Wall Street were damaged or destroyed by bombings. In addition, I am sure all of you read of the tragic death of an official of the Continental Telephone Corporation in the Midwest—killed by an explosive device planted in his automobile. The murdered man, a graduate of Notre Dame, left a widow and 9 orphaned children.

The shadow of violence is lengthening. Not long ago, it touched me personally. Last April 2, the President announced the indictment of 12 members of the Weatherman Group under the Cramer Anti-Riot Act. Later that same day, in my hometown of St. Petersburg, Florida, a window was surreptitiously broken in a building occupied by a local law firm and a Molotov cocktail placed inside. The name of that firm was Ramseur, Bradham, Lyle, Skipper, and—*Cramer*.

How long can we tolerate such outrageous acts? I am for dissent, but it must be lawful. I am for the right to protest, but it must be peaceful protest. For those who advocate violent dissent and destructive protest, I have nothing but revulsion and contempt.

I believe the time has come to levy the severest penalties on those who perpetrate or counsel such deeds. Unless we do, the cancer of violence will spread. If we allow that to happen, the life, liberty and happiness of every American will be endangered.

Because of my concern, sometime ago, I suggested to the Department of Justice that the penalties of the present anti-bombing statute should be substantially increased. Shortly thereafter, this idea was discussed at a White House leadership meeting which I attended. Following that meeting, the President announced his support for strengthening amendments. Subsequently a proposed bill was submitted to the Congress by the President through the Department of Justice.

In scope and purpose my bill, H.R. 16743, is similar to that measure. Its provisions, if enacted, would restructure the present antibombing law so as to broaden its scope and application. Under its terms, the following acts would be designated as Federal crimes: 1) the malicious bombing of any Federal premises; 2) the unauthorized possession of explosives in Federal buildings; 3) the malicious bombing of business and commercial establishments; and 4) possession of explosives with knowledge or intent that such explosives are to be transported or used in violation of any other provision of this legislation.

One of its principal features would be to dramatically increase penalties. For example, the current law provides for imprisonment of not more than a year or a fine of not more than $1,000, or both for those found guilty of transporting explosives for designated criminal purposes. My proposal would raise the fine for such offenses to $10,000 and the term of imprisonment to 10 years. Where personal injury resulted from such crimes, fines would be doubled from $10,000 to $20,000 and maximum penalties would be increased from 10 to 20 years. Such increases in punishment would apply throughout the Act.

Aiding and abetting the commission of a bombing would also be punishable under my proposal. Such a provision is necessary to insure that those who propose a specific act of violence will be penalized along with those who perpetrate such offenses.

In addition to the foregoing, the definition of "explosive" would be broadened to include such commonly used incendiary devices as Molotov cocktails.

I don't know whether this Committee is aware of it, but most of the casualties sustained by our fighting men in Vietnam are not caused by enemy bullets. They are the result of mines and booby traps. These explosive devices have taken a staggering toll of our courageous young men. Besides causing thousands of deaths, they have inflicted brutal, crippling injuries on many thousands

more. Our soldiers have lost limbs, their eyesight, and many have suffered varying degrees of disfigurement and paralysis. My worry is that the recent rash of malicious bombings by revolutionary elements may well be the prelude to the use of such devices over here.

It is essential that we put the bomber and would-be bomber on notice that we do not intend to allow this to happen. We must make clear to him that we shall use every legal resource at our command to stamp out his—or her—stealthy and despicable crime.

An ominous cloud hangs over our land. Violence and terror threaten to become a way of life. If they do, they will destroy our way of life. We cannt sit idly by and allow this to happen. For the foregoing reasons, I urge expeditious consideration of and action on the anti-bombing measure before this Committee.

THE 100TH ANNIVERSARY OF JERMYN, PA.

HON. JOSEPH M. McDADE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. McDADE. Mr. Speaker, it was my great privilege to appear at the celebration of the 100th anniversary of the borough of Jermyn, in Lackawanna County, in northeast Pennsylvania.

It was an outstanding celebration, in which every citizen of the borough of Jermyn participated, and to which they gave uncounted hours of their time to make the 100th anniversary memorable. They chose as the theme of their celebration "the birthplace of first aid" because here, in the borough of Jermyn, there was born a program which has become so much a part of our lives in America that we can hardly imagine a time when it did not exist.

When Jermyn came into existence, it was known as Four Mile Town because of its location 4 miles from its sister town of Carbondale. In succession the name was changed to Baconville, to Rushdale, then to Gibsonburg. But when John Jermyn settled here, the townspeople honored him by giving the town the name it bears today.

When John Jermyn settled in the borough, there had been some sporadic efforts made in the field of mining of anthracite coal. John Jermyn set about making this a major industry. He became one of the most successful and wealthy coal operators in the valley. He worked with enthusiasm among the people of the community, and the small cluster of shacks which stood there soon became a large and flourishing borough.

The community grew in prosperity, and as it grew these very religious people built churches in which to worship—St. James Episcopal Church, Sacred Heart Roman Catholic Church, First United Methodist Church, St. Michael's Russian Orthodox Church, First Baptist Church, Primitive Methodist Church, and the Jermyn Welsh Congregational Church.

They brought a rich musical heritage to this area also. There were singing groups, an all-girl orchestra, other orchestral groups, and a long tradition of bands. The people of Jermyn came to know certain families for their musical talents; the Edmunds sisters, the Murphys, the Maynard sisters, the Langmans, the Schragers, and the Forschners.

The town has produced outstanding sportsmen, not only in such sports as basketball, baseball, and football, but in those two sports dear to the heart of every Pennsylvanian, hunting and fishing.

Certainly one of the most distinguished citizens in the history of the borough was Dr. Matthew J. Shields. He had come to Pennsylvania in 1881, and had seen the tragic effects of accidents in the mining industry. Out of these observations there gradually came the realization that first aid given to the victim of an accident on the spot might make the difference between life and death, between a trifling injury and a disabling one. He began, therefore, the work of educating the workers on the elements of first aid. In 1909 he was appointed to the central committee of the National Red Cross first aid service for the special work in organizing instruction in precaution against accidents and in first aid among miners.

The growth of his work, of course, has been phenomenal. There are countless Americans who have gone through the first aid course of the Red Cross, and other organizations have pursued the education of other Americans, so that there is scarcely a person who has not had some training in first aid at some time in his life.

Jermyn today is an outstanding community, with outstanding citizens. They demonstrated their pride in their community in the 100th anniversary celebration, and it was indeed a privilege to be among these splendid Americans on this occasion. I hope all of my colleagues will join me, not only in praising the people of Jermyn on the occasion of the 100th anniversary of the founding of the borough, but especially in commending those who made the outstanding commemoration possible.

THE JERMYN CENTENNIAL EXECUTIVE COMMITTEE

Charles W. Avery, general chairman.
Mayor Frank McCarthy, honorary chairman.
Carl J. Tomaine, vice chairman.
Rev. John A. O'Neill, centennial chaplain.
I. Leo Moskovitz, treasurer.
William Davis, assistant treasurer.
Arthur N. Wilson, secretary.
Mrs. Betty Stephens, corresponding secretary.
Attorney James Munley, solicitor.

THE COMMITTEE CHAIRMEN

William Davis, working capital.
Milton Friedman, revenue.
Mrs. Jane Moore, headquarters.
Miss Eleanor Cawley, history project.
John J. Mullally, novelties.
Robert J. Daley, concessions.
Floyd A. Battenberg, program.
Edward M. Callahan, special arrangements.
Donald Yurgosky, decorations.
James G. Bennett, men's participation.
Mrs. Anna Willgrube, women's participation.
Carl J. Tomaine, dignitaries and guests.
Nicholas Mattise, celebration ball.
Frank T. Green, music.
John Danyo, historical windows.
Marie Evans, merchants promotion.
Michael Trently, transportation.
I. Donald Edwards, fireworks.
Fred S. Zielinski, brothers.
Ronald F. Jones, promenades and caravans.
Edward Rossi, kangaroo courts.
Katherine Gilhooley, belles.
Margaret Swingle, ladies' bonnets and dresses.
James B. Crawford, men's ties and hats.
Joyce Albert, press, radio, and TV releases.
Charles C. Johnson, pioneer events.
Martha Buckingham, housing.
Arthur P. Wasley, insurance.
Charles Battenberg, planning.
Thomas F. Wall, charter banquet.

THE COMMITTEE MEMBERS

Rev. John A. O'Neill, chairman; Rev. Arthur Davis, vice chairman; Rev. John Kuchta, Rev. Robert Finley, Rev. Stephen Williamson, and Rev. Valentine R. Plevyak.

HOSPITALITY

Henry Hockaday. Mary Muehleisen. Madalyn McDonough. John Muldoon.

CORONATION

Katherine Edwards, chairman. Mary Callahan. Dorothy Mattisse. Patricia Wilson. Ruthann Lasichak. Gertrude McDermott. Jean Zielinski.

HEALTH AND SAFETY

Dr. Walter S. Bloes. James Reilly, police chief. Walter Vizzard, fire chief.

PUBLICITY

Richard J. Marion, cochairman. Albert Kraft, cochairman. Betty Stephens, Joyce Albert.

ADVERTISING AND SOLICITING

Thomas F. Wall, chairman. John J. Mullally, chairman.

Eugene J. Brenzel. Edward M. Callahan. Michael Trently. Kenneth Yakmovitz. Charles H. Battenberg. George H. Lewis. Carl J. Tomaine. Milton Friedman.

FIREWORKS DISPLAY

Idris D. Edwards, chairman. Walter Vizzard. Richard Harrison.

AMERICA IS IN TROUBLE

HON. ALLARD K. LOWENSTEIN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. LOWENSTEIN. Mr. Speaker, America is in trouble, and everyone who loves her better get moving again. We would not stand by if she were being invaded by foreign troops, but because the greatest threat to our security lies within our borders—as the Eisenhower Commission has warned us—many people do not understand the threat, and many others do not know what to do about it.

In this situation, noisy, dogmatic minorities attract a great deal of attention, and more often than not this just

adds to the problem, which in turn adds to the confusion and inactivity of the great majority of Americans.

The price we pay for this inactivity is too great. It leaves center stage to the political desperadoes whose natural habitat is the out-left and out-right wings. And when the extremes take over center stage, polarization and bitterness run the show.

But this is not the way things need to be. We are a great people, with a great heritage of overcoming obstacles that might have overwhelmed other people. What we need most now is to look at our difficulties honestly and to rally the will to deal with them effectively—to reclaim our country, not abandon it to the haters and extremists. We must make democracy work for all our people and strengthen the Constitution, not gut it.

We can do these things, but not by searching for scapegoats instead of solutions, and not by kidding ourselves that our problems will go away if we just ignore them for long enough.

We must reject the temptation to do nothing because we cannot do everything, just as we must reject the evasions and hypocrisy that many politicians try to substitute for integrity and leadership. In this crisis, it has been well said, if you are not part of the solution, you are part of the problem.

Now let us look at some specifics:

If you have got a job, chances are you are wondering how long it will last, or where you can get another one to make ends meet. Or maybe whether your wife or kids could get jobs.

It is getting tougher every day to do either one—to find suitable employment, or to make ends meet. Consumer prices are rising at the record rate of 6 percent per year. Industrial production is down 3 percent. Unemployment was over 4 million in May—up from 2.8 million in December. Yet we can get no help from the administration for the bill we have been fighting for in Congress to study ways to protect workers and industry against bankruptcy, joblessness, and dislocation when we make the transition from a wartime to a peacetime economy.

At last count, roast beef was selling for $1.69 a pound in parts of Nassau County. There are not many people who can afford to put meat on the table every night at that price. And how many people do you know who have been able to buy a new home lately?

The truth is that the Nixon administration has managed to combine disastrously rising prices with a dangerous rise in unemployment, so we are now faced with a very dangerous combination of economic ills: inflation and recession together. And the truth is that you cannot curb inflation by chopping less than a billion dollars from appropriations for desperately needed job training programs, and from libraries and hospitals, while you pay out $91 billion for the war and for other military expenditures.

The administration likes to talk a good game about balanced budgets and saving the taxpayers' money, but taxes keep going up and the President has just demanded a huge $18 billion increase in the debt ceiling after being in office about a year and a half. Meanwhile, urgent domestic needs go begging while we continue to spend $3.5 million an hour on the endless war in Indochina.

To date we have flushed almost $130 billion in direct expenditures—and perhaps another $80 billion in indirect costs—down the Vietnam drain. Money that should have been used to rebuild cities, unsnarl railroads and highways, clean up poisoned rivers and lakes, care for the elderly and sick, and to help educate our kids, has been used instead to prop up a series of corrupt military juntas 10,000 miles away that cannot get the support of their own people. Chinese and Russian soldiers have not died in Vietnam, but 45,000 gallant young Americans have. We have shot off more bombs, shells, and bullets in Vietnam than we did in all of World War II. And yet it goes on and on and on, and the end is still nowhere in sight.

The simple fact is that the war is destroying much of Vietnam, which it was intended to protect. Since it is also damaging America severely, it has become a tremendous asset to world communism. At home it has divided fathers from sons, contributed to the galloping inflation, driven taxes higher, strained the fabric of constitutional government, and encouraged us to neglect our greatest domestic needs.

Overseas, we have become so mired in Southeast Asia that there is widespread doubt about our will and ability to honor other commitments—to contribute to the defense of democratic nations threatened by aggression, or even to defend our interests where they are really threatened.

At the rate we are now withdrawing our troops, some 20,000 more of our finest young men will have died, and the total of 300,000 American casualties will have passed half a million before the war is over. Over, mind you, not won. There is no way to win this war by piece-meal withdrawals. There is only a way to extend its agony and increase its costs. No one would begrudge continued efforts if there were anything to gain for freedom or for the security of the United States for paying them.

But to pay such a staggering price and have nothing to show for it is senseless and disastrous. And if there is one thing that should be clear by now, it is that the Thieu-Ky government cannot stand without Americans to prop it up. For that reason, if for no other, it makes no sense to extend our military involvement even further. Those who have urged that we win or get out must see by now that the present policy does neither—it is in fact a lose and stay in policy.

That is why those who have advocated winning or getting out should join in the effort to get us out—not irresponsibly or precipitately, but in an orderly fashion consistent with the safety of the American troops and with the needs of any Vietnamese who may wish to relocate rather than face the possibility of living under the new government.

And that is why the bipartisan proposal for a timetable of withdrawal of all American Armed Forces by the end of June 1971, makes sense. I have worked hard in support of this program which now has about 100 sponsors in the House, as well as more than 35 in the Senate—men and women from both parties and all parts of the country.

After so many mistakes have been made for so many years, we must accept the fact that anything we do now in Southeast Asia will present serious problems. But the Nixon-Agnew policies—however good their intentions—can lead only to worsening disasters at home and abroad, and I believe that the alternative plan I have described deserves the support of the country as the most sensible and honorable way to avoid multiplying disasters for years to come.

Finally, none of our problems can be solved if we fall further into the notion that they are insoluble. The sense that things are not going right should increase the determination of every citizen to make them go right.

Furthermore, the quality of our leadership must be equal to the difficulty of the job ahead. It is dangerous to put politicians who temporize, or polarize and deceive in positions of leadership in times like these. They can only make our division more bitter and add to the already dangerous weakening of faith in the credibility and effectiveness of government.

It is past time to end war, right wrongs, and heal wounds. We can do that only if men of good sense and good will will bestir themselves as if the future of the Republic were at stake. Which, after all, it is.

HORTON SALUTES MRS. RUDOLF KINGSLAKE FOR HER FINE SERVICE TO THE COMMUNITY

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. HORTON. Mr. Speaker, it is always inspiring to learn of a person who devotes time and energy to the betterment of the community. Such a person is Mrs. Rudolf Kingslake, of 56 Westland Avenue, in Rochester.

A somewhat unique aspect of Mrs. Kingslake's service is that she was not called upon by some group or organization to perform her tasks. She did not volunteer for some assignment which needed a replacement. Rather, she saw a need in the community and she created the tasks and assignments herself, and for herself.

For 16 years Mrs. Rudolf Kinslake has personally been seeing to it that the people in nursing homes of the greater Rochester area are supplied with books for their reading pleasures.

The impetus for these kind acts came while she was visiting friends in a nursing home. She was made aware that these nursing home residents were actually not ill but that many of them were bored for lack of something to occupy their time. She also discovered that this state of affairs had long been of concern to the social workers and the nurses, but until Mrs. Kingslake came along, apparently nobody had done anything about it.

She decided she would do what was necessary to correct this condition, and, thereby was established the University Wives Nursing Homes Library Service. Since early in 1954 Mrs. Kingslake has,

almost by herself, operated this outstanding service.

I have known of this operation for quite some time, so it was great pleasure recently that I read a feature story in the Rochester Times Union which saluted Mrs. Rudolf Kingslake for her contribution to the community.

It was written by Jose Echaniz, Jr., of the Times Union and captures the full meaning of this splendid program. Certainly I endorse this tribute to a busy lady and I thank her for her work in behalf of those who need a helping hand. I would like to share it now with my colleagues:

MRS. RUDOLF KINGSLAKE

(By Jose Echaniz, Jr.)

Mrs. Rudolf Kingslake feels that there are many ways in which people can be of service. To her, it's just a question of discovering a need and working to fill it.

Sixteen years ago, Mrs. Kingslake had two friends in city nursing homes. In visiting them, she realized that "people well enough to read just get bored. The nurses and social service workers were very concerned about it."

This is what led her to establish the University Wives Nursing Homes Library Service, which has been responsible for getting some 40,000 books to nursing home patients who would otherwise not have had them.

Mrs. Kingslake has operated the service almost single-handedly since February, 1954. Wives of University of Rochester faculty members aid her in transporting large numbers of books, but Mrs. Kingslake takes it upon herself to be familiar with the likes and dislikes of all the patients she serves.

She has served up to 60 patients at 35 nursing homes at one time. Her husband, retired director of optical design and optical engineering at the Eastman Kodak Co. Apparatus Division, makes the portable plywood book racks in which she carries her selections.

Although slight of build, Mrs. Kingslake radiates the kind of energy that it must take to tote loads of books around on her tours of the nursing homes.

London-born, Mrs. Kingslake still speaks with a crisp British accent although she has lived in this country since 1929 when her husband helped start a new Institute of Optics at the University of Rochester.

Mrs. Kingslake is also trained in optics and is a past president of the Rochester Section of the Optical Society of America. She still does some technical writing in the field.

She is a former vice president of the Friends of the Rochester Public Library, a past president of the Volunteer Bureau of the Council of Social Agencies, and former secretary and board member of the Visiting Nurse Service of Rochester and Monroe County. She is a director of the City Club and takes books to City Club meetings as part of the Library Books-to-People Program.

She and her husband live at 56 Westland Ave.

MARY BELLE PFAU DELEGATE TO GIRLS' NATION

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. BURKE of Florida. Mr. Speaker, this week Washington and the Congress is honored by the presence of over 100 young ladies from 51 State and territorial departments of the American Legion Auxiliary who are attending the 24th Annual Session of Girls' Nation at the American University.

This year, the State of Florida has sent an exceptional young lady, Miss Mary Belle Pfau, the daughter of Mr. and Mrs. John Pfau of Plantation, which is in my 10th Congressional District and which, I am privileged to represent. I am honored also that my wife Evelyn and my daughter Kelly Ann, are both members of the American Legion Auxiliary.

Mary Belle Pfau has already even further honored the American Legion Auxiliary of Plantation, Fla., and my district and the State of Florida by being named to two important posts in Girls' Nation: minority whip and "nationalist" party chairman. I was informed that Mary Belle was being considered for even additional responsibilities and honors, but that the program's regulations prevented her from accepting more than two major posts. On behalf of the people of my district I wish to state, Mary Belle Pfau, we are proud of you.

Girls' State and Girls' Nation came into being as follows:

BRIEF HISTORY OF GIRLS' STATE AND GIRLS' NATION

Back in the depression ridden days of the early 30's, The American Legion grew concerned over irresponsible statements to the effect that Democracy was "on the skids." How, it wondered, could America train its young people in the processes of self government as effectively as Fascist Italy and Nazi Germany seemed to be training their youth groups in the promulgation of totalitarian forms of government. Deciding that the best way to learn something was by practicing it, American Legionnaires began, in 1935, gathering teenage representatives of high schools together for a few days each summer in a citizenship training program on the processes of city and state government. They called it "Boys State."

As this program succeeded and spread throughout the United States, the American Legion Auxiliary began providing similar opportunities for girls of high school age. Thus "Girls State" was founded. The first Girls States were conducted in 1938 and since 1948 have been a regular part of the Auxiliary's better citizenship activity in all but one of the states plus the Auxiliary's Departments of the Panama Canal Zone and the District of Columbia.

Girls Nation, the youth citizenship program in the processes of federal government to which Girls State sends two "Senators" apiece, is an annual climax to the Girls State program and has been held in the Nation's Capital for one week each summer since 1947.

Girls State is staffed by American Legion Auxiliary members who volunteer their time and effort to this enterprise. Its administrative costs are defrayed by their Department (state) organizations. All costs for Girls Nation, including transportation, are financed by the American Legion Auxiliary's national organization. Delegates to Girls State are selected with the help of high school principals on the basis of potential leadership qualities and must be between their Junior and Senior years in high school to qualify.

On Washington's Birthday, February 22, 1964, the American Legion Auxiliary received one of the four top American Awards from the Freedoms Foundation at Valley Forge honoring its 1963 Girls Nation Program. Other Girls Nation Programs helped win similar George Washington Honor Medals.

The National Association of Secondary School Principals has placed Girls Nation on its "Approved List" of National Contests and Activities.

Mr. Speaker, I am happy and proud to pay a well deserved tribute to Mary Belle Pfau and to the other young ladies of Girls' State and Girls' Nation who have made their goal the obtaining of practical experience in the working process of their government and their legislature which they will impart to others when they return to the classes as seniors this fall.

All too often the only youngsters of our country who receive any notice are those who would turn against all the values of society and our way of life. Here, the real representation of our youth is found in these political and civic minded young ladies and if Mary Belle Pfau is typical—and I feel certain she is—then we can rest assured the future leadership of our country is in good hands.

U.S. FLAG AND PATRIOTISM

HON. WILLIAM J. SCHERLE

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, July 31, 1970

Mr. SCHERLE. Mr. Speaker, this month of July 1970, has seen an event of considerable significance in the life of the Nation. On July 4, the citizens of this country gathered together in their capital to celebrate their love for America.

Editorial reaction to this outpouring of patriotic fervor varied, but one periodical which came to my office summed up very well the meaning behind the "Honor America Day" rally:

U.S. FLAG AND PATRIOTISM

Honor America Day, observed in Washington, D.C. on July 4, was an astounding success, immensely more so than was visible to the eye, because of the sabotage and defeatism it had to surmount, and did. Its success, too, was a confirmation of the innate pride in the United States, and in being an American, that characterizes all classes of Americans, not only the so-called "silent majority." The mainstream of America still is wholesome. We have been infected with some bad germs, but our constitution remains strong. The spontaneous response to announcement of the Fourth of July program in the nation's capital was proof of it.

Indeed, the reaction of so very many to the expressions of patriotism and faith that were weaved into the evening performance was far more intense and emotional than ordinarily warranted by the songs and acts. The explanation must lie within the subconscious. People yearned for this revival of national spirit. Indeed, fortified by the dynamic morning service at the Lincoln Memorial, the show that evening at the Washington Monument assumed the character of a revival meeting.

One is tempted to refer to it as a spiritual rebirth, except that it was evidence the spirit had not died. What has happened is that a great deceit is being perpetrated. The United States is too strong to be defeated head-on, so it would have to be booby trapped in psychological warfare. Fortunately, there are certain signs that the American people are learning to spot the propaganda snares and the clandestine intrigue.