

U.S. GOVERNMENT PRINTING OFFICE

UNITED STATES



OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 90th CONGRESS
FIRST SESSION

VOLUME 113—PART 6

MARCH 16, 1967, TO APRIL 4, 1967

(PAGES 6867 TO 8332)

the 7-percent investment tax credit. I know from my own mail and personal conversation with these business leaders that support for the restoration is strong and vocal. I ask unanimous consent that the Tribune article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Salt Lake Tribune, Mar. 10, 1967]

Possible restoration of the seven per cent investment credit tax was hailed in the Intermountain Area as being therapeutic for the economy.

President Johnson announced Thursday that he would ask Congress to restore the credit.

Miles P. Romney, manager of the Utah Mining Assn., said it would be an incentive for those planning capital investment and: "We're hopeful that additional funds would be attracted to Utah for mining investment and investment in general."

G. B. Aydelott, president of the Denver & Rio Grande Western Railroad, said the restoration would let the roads continue with long-term planning.

HELD IN ABEYANCE

This has been held in abeyance—not because of the withdrawal of the investment credit—but because it was considered to be "temporary."

Mr. Aydelott said restoration of the credit would divert money that would otherwise go into non-productive areas back into the rebuilding and enhancing of capital investment.

Frank Nelson, counsel and administrator of the Utah Manufacturers Assn., said "This is indication the President feels that there is need for a step-up in industrial production. "Outcome would be that more money will be spent in capital improvements—the productive sector of our economy. For most people in industry, this will be welcome."

Royden G. Derrick, president of Western Steel Co., commented that investment credit is one of the tools available to avoid extremes in the economic cycle.

AVOID INFLATION

While its withdrawal had psychological value, the reaction was too slowly realized.

"This is one of the tools we could use to avoid inflation. Now, we need to use it to avoid a recession—particularly in the construction industry."

T. D. Hyatt, treasurer of the Elmco Corp., commented.

"As manufacturers of heavy equipment, we are encouraged by the President's announcement. This should release many large projects, which have been temporarily shelved pending such action and hopefully will result in the placing of orders of new machines.

"We also anticipate it will have some affect on reducing the interest rates which have been asked on capital goods," Mr. Hyatt added.

REPORTING OF FOREIGN MEAT IMPORTS

Mr. MUNDT. Mr. President, the South Dakota Legislature in its session just concluded passed a concurrent resolution requesting that estimated foreign meat imports be reported by the Secretary of Agriculture on a monthly basis rather than a quarterly basis, and that restrictions be imposed.

I support the resolution and urge the Secretary of Agriculture to initiate this procedure in the operations of the Department of Agriculture's reporting service. All of us know that agriculture

is existing in a most depressed economy. Parity has dropped to 74 percent. Imports of livestock and meat products have continued to rise. In fact, imports in 1966 came to 823,435,000 pounds as compared to 614,204,000 pounds. This is an increase of over 200 million pounds and is reaching the trigger point of 904 million pounds for invoking country by country import quotas.

Monthly reporting of the statistics on imports would warn the exporting nations not to exceed the allowable quota and would offer some protection of the American market to our American producers. I recognize that it is not much protection, since the allowable quota is so high, but in view of the depressed farm price situation it is at least one small step which the Secretary of Agriculture can take to try and assist the farmers in reversing the downward trend of his prices received and his parity.

I ask unanimous consent that the resolution adopted by the South Dakota Legislature be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

HOUSE CONCURRENT RESOLUTION 11

(Introduced by Mr. Droz)

A concurrent resolution, citing the importance of the livestock industry and the affect of foreign meat imports on the South Dakota economy, requesting that estimated foreign meat imports be reported by the Secretary of Agriculture on a monthly basis rather than a quarterly basis, and that restrictions be imposed

Be it resolved by the House of Representatives of the State of South Dakota, the Senate concurring therein:

Whereas, South Dakota is the most agricultural state in the nation, and

Whereas, the raising of livestock is the acknowledged backbone of the state's agricultural economy, and

Whereas, cattle numbers in South Dakota as of January 1 of this year were 4,238,000 head—the highest in the state's history, and

Whereas, the sale of livestock and livestock products in South Dakota during the past year exceeded \$561 million and represented 71 percent of the state's total cash farm receipts, and

Whereas, the inventory of all livestock in South Dakota amounts to over \$725 million, thus providing a high degree of tax support for local, county and state governments as well as school districts of South Dakota, and

Whereas, meat imports into the United States are nearing the point where it may be necessary to impose restrictions under provisions of the import legislation of 1964 (P.L. 88-482); and

Whereas, cattlemen of South Dakota can ill afford further imported meats other than provided for under existing law;

Now, therefore, be it resolved, that the South Dakota Forty-second Legislative Assembly requests our congressional delegation of Senators McGovern and Mundt and Representatives Berry and Reifel persuade the Secretary of Agriculture to issue estimates of foreign meat imports under P.L. 88-482 on a monthly basis hereafter, rather than quarterly, in order that allowable quantities will not be exceeded at any time.

Be it further resolved, that the State of South Dakota of the Forty-second Legislative Assembly respectfully urge the Congress of the United States to amend (Public Law 88-482) of 1964 giving more protection to the United States meat industry by lowering import limits and considering all meats purchased by the United States, including those meat purchases by the Department of

Defense, as meat imports allowed under the quotas set up under Public Law 88-482.

Be it further resolved, that the State of South Dakota of the Forty-second Legislative Assembly respectfully urge the President of the United States to impose restrictions on foreign meat imports at or before the time that estimated meat imports reach the limits set in the import legislation of 1964.

Be it further resolved, that the Clerk of the House of Representatives of the State of South Dakota transmit copies of this resolution to His Excellency, the President of the United States; the Honorable Lyndon B. Johnson; the Secretary of Agriculture of the United States, the Honorable Orville Freeman; to the Honorable Karl Mundt and the Honorable George McGovern, United States Senators from South Dakota; the Honorable E. Y. Berry and the Honorable Ben Reifel, Representatives in Congress from the State of South Dakota, within ten days after the passage and approval of this resolution.

Adopted in the House of Representatives March 3, 1967.

Concurred in by the Senate March 9, 1967.

JAMES D. JELBERT,
Speaker of the House.
PAUL INMAN,
Chief Clerk.
LEM OVERPECK,
President of the Senate.
NIELS P. JENSEN,
Secretary of the Senate.

TRUTH IN LENDING

Mr. MONDALE. Mr. President, the distinguished Senator from Wisconsin [Mr. PROXMIRE] has been carrying on the fight for truth in lending begun by our able former colleague Senator Paul H. Douglas, of Illinois.

Senator PROXMIRE has written a comprehensive description of the truth-in-lending bill, which was published in the Credit World, the magazine of the International Consumer Credit Association. In the article, Senator PROXMIRE has demonstrated a complete grasp of the technicalities involved in disclosing an annual rate of interest. He argues that, far from harming business, the bill will benefit the vast majority of those in the credit industry.

Mr. President, I am reminded of the remarks by the President of the New York Stock Exchange when Congress passed the Truth in Securities Act of 1933. The president of the exchange solemnly predicted the collapse of the securities market. Today the securities market is stronger than ever, and much of the public confidence in the securities industry is founded upon the Truth in Securities Act requiring full disclosure. I believe the same will be true for truth in lending.

Mr. President, I ask unanimous consent that Senator PROXMIRE's scholarly article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THIS IS THE YEAR FOR TRUTH IN LENDING
(By Hon. WILLIAM PROXMIRE, U.S. Senate,
Washington, D.C.)

(When President Johnson sent his Message on Consumer Interests to Congress on February 16, he specifically recommended passage of S. 5, a "Truth-in-Lending" Bill sponsored by Senator Proxmire. The complete text of this bill was published in the last issue. Following is an article, prepared by invitation, in which Senator Proxmire discusses the

merits and mechanics of this bill as it is viewed by proponents.)

I believe the 90th Congress will pass an effective truth in lending bill which will be meaningful to the consumer and workable to the credit industry. Although previous truth in lending bills introduced by my great former colleague, Senator Paul H. Douglas, have been stalled in committee for six years, I believe 1967 will be the year for action. There are a number of reasons why Congressional approval of truth-in-lending is likely.

First of all, the outlook for consumer legislation in general is favorable. The 89th Congress made great strides in passing Auto Safety, Truth-in-Packaging, and Cigarette Labeling legislation. The momentum and support generated on behalf of consumer legislation is likely to reach full steam in 1967. Consumer groups themselves have learned to organize and match the lobbying activities carried on by business and industrial groups. I do not use the term lobbyist in a derogatory sense, for lobbyists provide the Congress with valuable and readily available information on current legislative issues. In this connection, the activity of consumer groups should provide Congress with a better-balanced stream of information on consumer legislation.

Secondly, I believe the Congress will tend to focus more on measures which do not cost a great deal of money or require a vast bureaucratic agency to administer. Much of consumer legislation, including truth-in-lending, falls in this category. The war in Vietnam and the President's record budget for 1968 are not conducive to the initiation of large new domestic spending programs. Moreover, the rapid increase in new Great Society spending programs has caused many in Congress to think in terms of the consolidation and coordination of existing programs before beginning additional new programs. Thus it is quite unlikely that the 90th Congress will anywhere near match the highly productive 88th and 89th Congresses in domestic grant-in-aid legislation. Under these circumstances, issues which cost little and which strike a responsive chord among voters will be given an increasing amount of attention.

Third, I believe the evidence is clear that the public is overwhelmingly in favor of truth-in-lending legislation. Recent polls conducted by eight Congressmen showed public support for truth-in-lending ranged from 88 to 95 percent. It is clear that this is one of the most popular measures before the Congress. In view of the widespread public support and the record of successful consumer legislation in other fields, it will become increasingly difficult for Congress to explain to the American people why it has not acted on truth-in-lending.

Most of the credit for achieving wide public support must go to the courageous leadership of Paul Douglas. He introduced the first bill, he fought long and hard on its behalf and he educated the American public and many of us in Congress on the need to protect the average citizen in the consumer credit field. I believe his valiant efforts will realize fruition in the 90th Congress.

A fourth reason for optimism regarding truth-in-lending results from the modifications which are reflected in the bill I introduced on January 11 with 22 co-sponsors—S. 5. The major change made was to drop the term "simple annual rate" which apparently had caused much semantic confusion. Some critics had charged the term simple annual rate required pinpoint accuracy down to many decimal places. Mathematical experts came up with numerous formulas for computing the "simple annual rate" all of which produced slightly different answers. Naturally, this tended to discredit the word simple. There was nothing simple about the rate when professors of mathematics could not agree as to what it was.

Although the proponent of the bill coun-

tered with the argument that the agency administering the law would prescribe one formula for all to follow, critics were still unsatisfied. Perhaps, they feared lengthy litigation over the meaning of the word simple.

What would prevent a customer from challenging a merchant's formula in court, backed up by mathematical experts to prove the merchant was figuring the rate the wrong way?

DETERMINATION OF ANNUAL RATE

The present version of the bill substitutes the term "annual percentage rate" for the term "simple annual rate" used in previous bills. The annual percentage rate is arrived at by multiplying the "percentage rate per period" times the number of periods in a year. The percentage rate per period thus becomes the basic building block from which the annual rate is determined. This annual percentage rate is the rate to be applied to the unpaid balance of the total amount to be financed.

The use of a percentage rate per period to arrive at the annual percentage rate follows the formula of the actuarial method and eliminates the need to describe the percentage rate of finance charge as a "simple," "effective," "true," "compound," or "nominal," rate. Each of these terms has a slightly different meaning to experts in finance. It also eliminates the need to refer to "actual," "add-on," "discount" and other rate expressions. Avoiding the use of the term "simple" or any other descriptive term avoids semantic disputes and possible difficulties in the administration of the law.

Nevertheless, there is no change in concept and the "annual percentage rate" follows the two basic characteristics of the "simple annual rate": 1) use of the year as the common time unit denominator, and 2) expression as a percentage rate per period of the ratio that the finance charge bears to the money actually used during the period.

In the course of the hearings held in earlier years on the truth-in-lending bill, experts of various kinds proposed several formulas either to support disclosure of the "simple annual rate" or to show that such a requirement is "unworkable." The constant ratio, direct ratio, simple-discount, actuarial, simple-loan, residuary, and Merchants' Rule formulas have been considered as methods to disclose an annual rate of finance charge. The basic differences among these formulas are in the assumptions made: 1) regarding the amount to be financed as against the amount to be repaid as the base upon which interest is figured, and 2) regarding the assignment of periodic payments to principal or to interest.

The use of the term "annual percentage rate," based on the periodic rate, will result in the kind of disclosure that the sponsors of the bill have always intended by the term "simple annual rate." The language used in S. 5 will: 1) permit fairly simple calculations by lenders and vendors, 2) allow the administering agency (or financial publishing houses) to issue easy-to-follow rate tables, and 3) enable consumers to check the charges quoted. The administrative agency can establish procedures for handling irregularly scheduled payment plans.

The lender or borrower will easily be able to read out the percentage rate of finance charge from actuarial tables, given the amount of the finance charges in dollars and the number of payments scheduled, running out to any loan duration. And just as easily, the tables can be consulted to read out the amount of the periodic payments, given the percentage rate, the time and the principal.

Even the most complicated payment scheme can be handled. For instance, tables can be worked out for the following type of situation: A buyer of consumer goods wishes to delay payments for 30 days, avoid payments around income tax and vacation time and wishes to enlarge payments when dividends or bonus compensations are expected.

In such a chaotic situation a daily rate may be selected, and a schedule of payments developed applying the rate to the outstanding balance for the days between payments. With the assistance of the consumer finance industry, the Board can develop uniform methods to provide for unusual situations and to establish tolerances of accuracy in stating the information required to be disclosed.

It should also be noted that both the term "annual percentage rate," based on a periodic rate, and tables using the actuarial method are consistent with the Instant Rate Converter Wheel put out by CUNA, and with the Household Finance Corporation's "Consumer Credit Cost Calculator." The actuarial method, which the sponsor and finance experts consider to be the best method of calculating annual percentage rates of finance charges, is itself grounded in the so-called "United States Rule." This rule requires that each periodic payment is to be applied first to the interest for the period, with the remainder of the payment applied to reduce the principal outstanding. (See *Story v. Livingston*, 38 U.S. 359 (1939).)

REVOLVING CREDIT ACCOUNTS

The bill also provides a simplified way to handle revolving or open-end credit accounts (in which commonly a department store permits a customer to charge purchases up to a specified maximum amount, repaying an agreed upon minimum each billing period—usually a month—with a "service charge" applied periodically to the amount owed). Persons extending such credit would be required to disclose the periodic percentage rate of finance or service charge, the periodic date when a finance charge will be imposed, and the annual percentage rate of the finance charge. The complaints voiced earlier about the unworkability of requiring such disclosure for revolving credit are eliminated by providing that the annual percentage rate for the purpose of this requirement is determined simply by multiplying the periodic rate by the number of periods per year. "Period" is used rather than "month" to give maximum flexibility to businessmen in their determination of the way they construct their revolving credit plans. This manner of determining what is called the "annual percentage rate" in connection with revolving credit avoids the difficulties which would arise in determining an exact rate of finance charge under varying amounts of debt, varying payment schedules, and varying methods of applying the charge to the debt.

This bill also requires the creditor to furnish to the borrower, as of the end of each period: a clear statement in writing of the outstanding balance; any additions to the debt; the total received in payments; the outstanding unpaid balance of the account as of the end of the period; the annual percentage rate used to compute the finance charge for such period; the balance on which the periodic finance charge was computed; and the finance charge, stated in dollars and cents, imposed for the period.

While many stores provide a periodic and itemized statement of some of this information, it is clear from testimony and information received that none disclose an annual percentage rate of finance charge and some fail to make clear what balance the finance charge is applied to and even what periodic rate of finance charge is used.

ONLY THRESHOLD DISCLOSURE IS COVERED

Section 4(c) of the bill is important and should be read in connection with the penalties in section 7. Section 7 provides that no person shall be entitled to recover civil penalties "solely as a result of the erroneous computation" of the annual percentage rate if the percentage disclosed "was in fact greater than the percentage required" by section 4 or the regulations prescribed by the Board.

In a CBS television documentary program

on consumer interest last year, a spokesman for opponents of the bill said the truth-in-lending bill was unworkable because of the impossibility of stating an accurate annual percentage rate when the borrower repays earlier than scheduled or misses payments, etc. But this is a wholly inapplicable criticism, because previous bills and this bill specifically provide that the disclosure of an annual rate applies to the agreed upon terms of the contract, not to violations or irregular payments not anticipated by the contract.

FEDERAL RESERVE BOARD REGULATIONS

Section 5(a) provides that the Federal Reserve Board, as the administering agency, shall prescribe the rules and regulations necessary to carry out the Act. Since it is now possible to rapidly develop and reproduce tables to cover any given set of credit terms, it is expected that the Board will publish or authorize the financial publishing houses to publish official tables which would be used by lenders to conform with the Act. The Board would prescribe reasonable tolerance of accuracy with respect to disclosing information. Despite charges made against the bill, it clearly is intended to require only a fair and approximate statement of the annual rate. It does not require the statement of an annual rate exact to several decimal places.

The Board also is to establish rules to insure that the information disclosed under the Act is prominently disclosed so that it will not be overlooked.

NEED FOR TRUTH IN LENDING

The objective of the truth-in-lending bill is quite simple—to provide consumers with a full disclosure of finance charges both in terms of dollars and cents and as an annual percentage rate. The annual rate provision will provide consumers with a simple yardstick to measure the worth of alternative credit plans.

The purpose behind truth-in-lending is not to control rates or establish interest ceilings. I do not question the validity of an annual rate of 18 percent on department store revolving charge accounts. Nor do I automatically assume that 36 percent a year on a small, unsecured personal loan is too high. I recognize there are substantial fixed costs in initiating and processing a loan or credit transaction and that the need to recover these fixed costs will push the rate for financing well above the mythical 6 percent per year for small loans or credit purchases.

I also make no charges that the overall size of consumer credit is too high. Certainly, the growth in consumer debt, and particularly instalment debt, has been phenomenal. Since 1945, total consumer credit has increased from \$5.7 billion to \$92.5 billion. This rate of increase has been over 4½ times greater than the rate at which GNP has increased. In recent years, however, consumer credit has grown at approximately double the rate of growth in GNP.

I do not cite these figures in criticism or to imply that we should retard the growth of consumer credit. Much of our postwar prosperity has been made possible through the efforts of the consumer credit industry. Many families have been able to enjoy the fruits of our productive economy in their early years through the judicious use of instalment credit.

My point is that the sheer size of today's consumer credit, together with its past record of rapid growth, requires greater consumer awareness of its cost. By any standards, consumer credit is big business. American families pay over \$12 billion a year in interest on consumer debt and another \$13 billion on mortgage debt. Interest payments are now a sizable portion of the family budget. In fact, nearly one-third of the cost of living increases in 1966 were occasioned by higher interest payments, largely brought about by the Federal Reserve Board's

tight money policy for preventing inflation. In this case, a tight money policy added to rather than prevented inflation. Clearly, the size of interest payments in the typical family budget tends to defeat the objectives of traditional monetary policy.

Despite the size of the credit industry, there is little effective competition between its various segments, primarily because the cost of credit is not fully disclosed to the consumer. Thus, one of the objectives of the truth-in-lending bill is to promote greater competition within the entire credit industry. The requirement to disclose charges, not only in dollars, but in terms of an annual rate, will permit consumers to make intelligent comparisons. This does not mean that consumers will always automatically choose the lowest cost credit. Many people might conclude that the convenience represented by an 18 per cent revolving charge account outweighs any savings which could be obtained through a 12 per cent credit union loan. But at least the consumer would have a common base from which to evaluate alternative credit sources. He would have the facts he needs to make an intelligent judgment.

Finally, I want to make it clear that I believe the vast majority of businessmen in the credit industry are doing a commendable job in providing valuable services to the public. In being for truth-in-lending, I do not mean to imply that lenders have been deliberately untruthful or that there is a conspiracy among lenders to fool the public. I do say, however, that many of the current practices in disclosing credit information are confusing to the average person. Rates may be quoted as an add-on, or a discount, or as a monthly rate on the declining balance. Almost no one, however, quotes a true annual rate on the periodic unpaid balance which is the most familiar rate to consumers since it is analogous to the rate charged on home mortgages or paid in savings accounts. To a large extent, these different methods of rate disclosure have historical origins arising out of the organization of the various segments of the consumer credit industry. The need to avoid unrealistically low state usury rate ceilings was also a factor leading to the proliferation of many different rate disclosure methods.

The consequence of all this has made it difficult for the average person to understand credit or to be able to compare the cost of credit from different lenders. There is no single yardstick with which to measure all credit plans. In such an environment, it is no wonder that many consumers have simply thrown up their hands and have looked instead at the size of the monthly payments as a criterion.

At a time when the consumer credit industry was small and struggling to get started, and at a time when public opinion was mostly hostile to any stated rate over 6 per cent, it could be argued that a requirement for disclosing the true annual rate would have prevented the growth of the industry and would have left the field to the loan sharks who charged 200 to 300 per cent and higher. But now that the industry has grown to the size it has and now that most of the earlier difficulties with state usury laws have been overcome, I believe a reform on rate disclosure methods is warranted. I see no reason why the public can't be told the true annual rate it is being charged for credit. Today the public is more sophisticated about credit and can benefit from the truth.

IMPACT OF TRUTH-IN-LENDING

If the Congress should pass a truth-in-lending bill, I believe not only the consumer, but the vast majority of businessmen in the credit industry will benefit. As a former chairman of the Senate Small Business Subcommittee, I believe I have an understanding and appreciation of the problems faced by the average businessman. I would not

want to pass legislation which would be an onerous burden to business while conferring only marginal benefits to the public. The truth-in-lending bill does not fit this label. The benefits to the public are great, but most businessmen will benefit too.

Although the great majority of businessmen are fair and honest in their dealings with the public, there are a few shady operators who manage to gain an unfair competitive advantage through outright deceptive credit practices. With the passage of the uniform rate disclosure method contained in the bill, the honest businessman can state the true annual rate on the credit he provides, secure from the fear that an unethical competitor will lure his customers away through misleading rate statements. By requiring everyone to use the same method of rate disclosure, the bill will protect the ethical businessman from unfair competition.

I realize that there are many people in the retail business who fear that rate disclosure might harm sales. The assumption seems to be that if people really knew how much they paid for credit, they wouldn't buy. I would hate to think the prosperity of our economy is founded upon deception. I believe consumers have a right to know the facts and that the long run prosperity of our free enterprise system is founded upon this right. I also do not anticipate any adverse impact upon sales as a result of this legislation. No reduction in sales has been reported in Massachusetts following the recent enactment of a similar annual rate requirement on installment and revolving credit. Instead, I believe we might see a more judicious use of credit. Savings accounts may be used to a greater extent. People probably will be more willing to pay cash on extremely small transactions when they realize the true cost of credit. Many stores lose money on these small transactions, despite high rates, hence the bill should work to their benefit as well as to the public's.

It can also be argued that uniform rate disclosure will take the mystery and confusion out of consumer credit transactions. As a result, many more people will feel confident in using credit and this will increase sales rather than decreasing them.

A third benefit to business from truth-in-lending is that a full disclosure bill could very well head off more restrictive legislation regulating interest rates. There are some in Congress who feel the time is ripe for national legislation setting interest ceilings on instalment and small loan credit.

I personally do not subscribe to such a policy. Government should first try to remove obstacles to permit the market system to work before intervening directly. A free market is the best system for controlling consumer credit charges, but a market cannot be free without a free flow of information. When consumers do not have all the facts in a comparable form, information is not free. Thus, the essential motivation behind truth-in-lending is a faith in free enterprise rather than a distrust of it. Those of us who favor truth-in-lending prefer market regulation to governmental regulation.

Finally, it has been alleged that the bill would impose excessive costs upon business. According to this view, stores would have to hire extra help to perform the required computations. All the evidence I have seen simply does not sustain this contention. Simple, computer-developed rate charts can be used by the average clerk for almost any transaction. Methods can be developed to easily handle such irregular transactions as balloon payments, skip payments, or deferred payments.

I believe it is possible to develop simple and fair procedures for all transactions which will meet the main policy objective of providing the public with a yardstick to measure the cost of credit, while minimizing the cost to business for highly irregular transactions. There is no reason why the credit industry,

the Federal Reserve Board, and the Congress, working together in good faith, cannot evolve a system which is fair to both the public and to business.

I, therefore, look to the responsible lenders in the credit industry and ask for their assistance in developing a fair system of rate disclosure which is responsive to the public interest.

"DEMOCRACY: WHAT IT MEANS TO ME"—PRIZE-WINNING SPEECH BY DONN WARHUS

Mr. NELSON. Mr. President, each year in Waukesha, Wis., a Voice of Democracy contest is held. It encourages our young people to rethink the value of democracy during our time and in the future.

Many of the contests are held throughout Wisconsin, and many fine speeches are written and given as the result. This year I was impressed by the results of the efforts by Donn Warhus, a senior at Catholic Memorial High School, in Waukesha. This young man placed first among 220 senior students. He was awarded a U.S. savings bond and will compete on the national level very soon.

I congratulate Donn; Sister Mary Therese, who organized the contest in the school; and Mr. Donald McUade, the post commander in Waukesha who sponsored the districtwide contest.

I believe that "Democracy: What It Means to Me," deserves reading by Senators. I ask unanimous consent that the speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

DEMOCRACY: WHAT IT MEANS TO ME
(By Donn Warhus)

I didn't want to write this speech. The farthest thing from my mind is the meaning of Democracy. However, I and all my fellow students are being compelled by our superiors to write a speech on this most difficult to describe institution, Democracy. Therefore, I shall express all my humble opinions in this one work of propaganda.

The very fact that I must write this speech is proof of not living in a so-called "pure" democracy. I think that's all right. If we lived in a totally democratic Utopia in which we all did exactly what we felt like doing, we would destroy ourselves in a mad race to perfect ourselves at others' expense.

Personally, I think that being forced to write this speech is not so great a sacrifice for not being destroyed. I would rather be imperfectly living than perfectly destroyed. If this is the case, our present form of democracy demands sacrifice, and possibly suffering.

People say "Democracy is Freedom! Freedom to do what I want, as long as I don't get caught." Doesn't sound like they're suffering.

Webster says, "Democracy—government by the people; a form of government in which the supreme power is vested in the people and exercised by them or their elected agents; also, a state having such a form of government", etc. and so forth. Even this definition says nothing about sacrifice. See? There's a catch to everything!

Smart, that is intelligent people, (there is a difference!) would still agree with Webster's definition in preference to that of certain greedy men.

But, who are "the people"? If they run the whole show, like Webster says, they must be mighty important. Ha! Not so!

The people are us. I am people. You are

people—I hope. The "proletarian masses" Marx called us. Persons are people.

"How come," you might ask, "if I'm a people I don't run the show?" Do you vote? If you do, you run the show. Have you ever been drafted or served in our armed forces? If you have, you've done even better than running the show, you've helped to save it.

Even by writing this speech, I'm running the show. I'm offering ideas and thinking thoughts and voicing opinions about this great and glorious show—Democracy.

Writing this is a start for me, I hope, because I can't vote or fight yet. But—give me a little time. Just wait until I and all my fellow young Americans charge into earth's problems. Then you'll see A-1 Democracy. You won't have to wait long, because we're on our way now.

ECONOMIC OPPORTUNITY GRANT AWARDS TO OREGON COLLEGES

Mr. MORSE. Mr. President, I was much pleased to learn that, for the 1967-68 academic year, the Office of Education has allocated \$1,496,300 to 27 Oregon colleges and universities for the purpose of financing, through the economic opportunity grants of title IV of the Morse-Green Higher Education Act of 1965, to further higher education of some 3,459 students. The grants, which range from \$200 to \$800 per student, and may if the student is in the upper half of his class reach a total of \$1,000, are 50-50 matching grants to these students. The matching funds may come from the institutions' own resources or from the title II National Defense Education Act student loan program.

I am particularly pleased because through this mechanism a great number of young people who are the average students may receive the economic help they need to further their preparation for their contribution to the economy of our State and the Nation. I ask unanimous consent to have printed in the RECORD a tabulation of the colleges, the amounts awarded to each college or university, and the estimated number of students attending each institution who will benefit.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Institutions of higher education	Total amount awarded	Estimated number of students benefiting
Blue Mountain Community College, Pendleton	\$13,000	45
Cascade College, Portland	25,150	44
Clackamas Community College, Milwaukie	2,000	10
Clatsop Community College, Astoria	19,400	45
Columbia Christian College, Portland	9,000	16
Concordia College, Portland	5,800	11
Eastern Oregon College, La Grande	54,600	110
George Fox College, Newberg	15,200	27
Lane Community College, Eugene	47,550	141
Lewis and Clark College, Portland	54,950	89
Linfield College, McMinnville	29,500	70
Marylhurst College, Marylhurst	21,450	46
Mount Angel College, Mount Angel	33,800	51
Mount Hood Community College, Gresham	3,700	14
Museum Art School, Portland	5,750	23
Oregon College of Education, Monmouth	80,450	233

Institutions of higher education	Total amount awarded	Estimated number of students benefiting
Oregon State University, Corvallis	\$317,250	736
Oregon Technical Institute, Klamath Falls	30,000	86
Pacific University, Forest Grove	68,400	127
Portland State College, Portland	95,300	228
Reed College, Portland	58,250	92
Southern Oregon College, Ashland	110,350	324
Southwestern Oregon Community College, Coos Bay	6,980	23
University of Oregon, Eugene	275,550	638
University of Portland, Portland	46,550	112
Warner Pacific College, Portland	3,600	7
Willamette University, Salem	62,850	111

GIVING CREDIT WHERE CREDIT IS DUE: DALLAS MORNING NEWS SUPPORTS A RENT SUBSIDY PROGRAM THAT INDUCED PARTICIPANTS TO INCREASE THEIR INCOMES BY 24 PERCENT

Mr. YARBOROUGH. Mr. President, every once in a while one is reminded that the contending parties in the great debates over government policy are frequently in basic agreement on goals; and that even though they might fight over means, if those means succeed, one-time opponents can be made into supporters.

A case in point is an editorial published in the Sunday, March 12, 1967, Dallas Morning News. The Dallas Morning News is not normally a newspaper to give editorial support to a Federal rent subsidy. Yet in this remarkable editorial, the News voices its support for a Washington, D.C., program in which private housing was leased by the Government for an average of \$139.65 a month and then rented to low-income families at regular public housing rates, in effect a rent subsidy of the type which has been so controversial for the past 2 years.

What happened in this case was that the average income of the families increased by 24 percent over a 2-year period. The better housing apparently gave family breadwinners greater incentives.

The Dallas Morning News acknowledged this success by saying that—

When, as in the case of the Washington housing program, a government agency meets the challenge effectively and economically, its accomplishment should be recognized. If, by this subsidized shot-in-the-arm, these recipients of better housing become more independent, get off the relief rolls and support themselves, the experiment will be worthwhile.

I heartily applaud the Dallas News' statement that—

Our challenge is to equip (the small minority who are poor) with the tools to raise themselves to whatever status they aspire.

The fact that the Dallas Morning News is willing to make such a statement should serve as a warning to those who sometimes forget that a government program is not a cureall, that the goal is not to get more government programs, but is to solve problems. If that way happens to be through a govern-