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sentation and to establish that strict relation between themselves and the House of Commons, which it was the original idea of the constitution to create.

Yet another 18th century figure—Edmund Burke—whom many consider to be the most eloquent of all apologists for law and the established order—Edmund Burke was consistently concerned that the procedures of constitutional government be safeguarded against the attacks of those who championed violence and anarchy as means to redress grievance. More urgently, however, did Burke see the necessity for parliamentary law, as a safeguard against causing legitimate complaints to develop among the masses, which, without hope of satisfaction, could fester and finally erupt, tearing apart the fabric of social order and rendering meaningless the concept of civilized debate. Burke was greatly alarmed by the French Revolution, which came about, in part, because of the very failure in France of parliamentary government to develop as it had done in England, and Burke, ever after the time of that cataclysm was particularly concerned that England leave open the avenue to rational dissent, in order that the structure of established government be preserved. The commentary of Burke upon the excesses of the French Revolution is a classic testament to the universal validity of law and reason, an eternal denial of lawless and animal terror:

> The fresh ruins of France (he wrote) which shock our feelings wherever we can turn our eyes, are not the devastation of civil war; they are the sad but instructive monuments of rash and ignorate counsel in time of profound peace. They are the display of inconsiderate and presumptuous, because unresisted and irrestible, authority.

In contradistinction to the agony of France, the stability of England, Burke indicated, unmistakably emanated from Britain's heritage of constitutional law, he wrote:

> You will observe that, from Magna Carta to the Declaration of Right, it has been the uniform policy of our Constitution to claim and assert our liberties, as an entailed inheritance derived to us from our forefathers, and to be transmitted to our posterity, as an estate specially belonging to the people of this kingdom, without any reference whatever to any other more general or prior right. By this means our Constitution preserves a unity in so great a diversity of its parts . . . By a constitutional policy, working after the pattern of nature, we receive, we hold, we transmit, our government and our privileges, in the same manner in which we enjoy and transmit our property and our lives.

It seemed an eminently practical axiom to Burke, as it does to me, that if "the uniform policy of our Constitution (is) to claim and assert our liberties," then it follows automatically that the mob will have no justification for rejecting the principles of rational dissent in order to make heard their just complaints—if the Constitution is faithful to that uniform policy. Our Constitution is, and as always been, faithful to the policy of claiming and asserting our liberties—the liberties of all citizens. I think history will vindicate my assertion. Thus it follows that by refusing to debate on a rational level, those who oppose Government policies by extralegal, subrational, or irresponsible actions impair their own right to dissent, and, indeed, forfeit the right to call themselves responsible citizens.

In the tradition of Burke, George Canning—who, as Foreign Affairs Secretary, saw the tumult which followed the French Revolution—was well aware of the value and efficacy of England's heritage of parliamentary law and of the right to responsible dissent which that heritage bestowed. He asked:

> Do I deny then, the general right of the people to meet, to petition, or to deliberate upon their grievances? God forbid! But social right is not a simple abstract, positive, unqualified term. Rights are, in the same individual, to be compared with his duties; and rights in one person are to be balanced with the rights of others.

Furthermore, he continued:

> It is no part of the provision of the laws, nor is it in the spirit of them, that . . . multitudes should be brought together at the will of unauthorized and irresponsible individuals, changing the scene of meeting as may suit their caprice of convenience, and fixing it where they have neither property, nor domicile, nor connection.

And finally:

> The (pervading principle of the law is one) by which each man is held to act under the view of his neighbors; to lend his aid to them, to borrow theirs; to share their councils, their duties, and their burdens; and to bear with them his share of responsibility for the acts of any of the members of the community of which he forms a part.

Man is a political, a social animal; and as he is uniquely marked by the badge of reason, he is uniquely compelled to order his social, his political, life, by the governing principle of that reason, if he is to survive as a rational creature distinct from mere beasts. That is the essence of Canning's belief, as it has always been of all civilized men.

America, of course, no less than England, has produced leaders who valued the place of responsible dissent in a free society. A "fundamental principle in our system," wrote Daniel Webster, "is that the will of the majority, fairly expressed through the means of representation, shall have the force of law; and it is quite evident that, in a country without thrones or aristocracies or privileged castes or classes, there can be no other foundation for law to stand upon." Note that Webster is careful to emphasize the important place in our system of the "means of representation," through which dissent is properly channeled if it hopes to result in effective action.

It is true, of course, that dissent may be expressed in areas other than representative bodies of legislators. The historic right of petition, the right to free speech, the right to peaceable assembly—all of these are rights which guarantee the expression of responsible dissent, and all are an integral part of our heritage. But all find their most effective base of power in legislative action; and legislative action is predicated on the elective process, from which it derives its reason to be. Those who dissent are free to speak; they are free to propose candidates for office; they are free to elect. But we can ask with justice at what point free speech leaves off and license begins? I think we can answer with the weight of historical experience behind us that violence and obscene character assassination, such as we have been seeing in this country during the last year, constitute a license which has nothing whatever in common with free speech, and which expresses the most arrogant contempt for the elective process. It is a license which harbors the most blatant nihilism.

In opposition to this nihilism I place the counsel of William Gladstone, who a century ago voiced his belief that established order must be responsive to necessary change, even as necessary change must evolve within the context of established order. Gladstone's words are particularly applicable to our own situation:

> To wait with patience the course of present events . . . to encourage the calm, serious, orderly, and temperate expression of opinion, seems to be the chief duties of the hour.

In the same tradition, and in the same spirit, John F. Kennedy addressed himself when he said:

> A free society places greater burdens upon every citizen than any other kind of system. It requires an ability to make a choice, to have those qualities of judgment and self-restraint which permit a democracy to operate.

If we ignore these words of counsel, Mr. President, we pass sentence not only upon ourselves but upon the wisdom of the greatest minds our culture has produced. We must face the future, mindful of the heritage of our past, which, indeed, should guide our actions. Let us invoke the proven principle of dissent within the law, remembering that without recourse to the law of rational minds, we must turn, of necessity, to the law of beasts, and the primal force of animal instinct. It is our duty to protect our cherished inheritance. Let us stand firm in that resolve.

It was Abraham Lincoln who observed, with woeful accuracy, that:

> Human nature will not change. In any future great national trial, compared with the men of this, we shall have as weak and as strong, as silly and as wise, as bad and as good.

It is incumbent upon us to assure, by our determination to adhere to the spirit of law, that in our own age the strong and the wise and the good will prevail.

INDUSTRY'S SOCIAL RESPONSIBILITY FOR URBAN HOUSING

Mr. MONDALE. Mr. President, the recent announcement of the insurance industry's pledge to finance $1 billion of mortgages for low- and middle-income housing is most encouraging.

It is an example of the industry's commitment to make decisions that will have positive social impact. It is a demonstration on the part of one industry that investment can be directed toward assisting the slums of our Nation.

Mr. President, as a Minnesotan, I am proud that the president of the Life Insurance Association of America, John Pillsbury, is a citizen of my State. Mr. Pillsbury, President of the Northwestern National Life Insurance Co., worked many long hours in arranging for this commitment from the membership of the association. He is to be congratulated for this personal commitment to improving urban life in America.

November's issue of the Mortgage Banker contains a copy of Mr. Pillsbury's remarks to the Mortgage Bankers Association. In these remarks, Mr. Pillsbury outlines the background of the $1 billion pledge and explains how this money will be used. Mr. President, I ask unanimous consent that the article be printed in the RECORD as an explanation of one industry's feeling of social responsibility to urban housing.

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

SOCIAL RESPONSIBILITY AND URBAN HOUSING

(By John S. Pillsbury, Jr., Chairman, Life Insurance Association of America)

I consider it a distinct honor to be invited to speak today to this important audience. It was a particular pleasure, also, to have the invitation issued to me by your still relatively new executive vice president, John deLaittre. He and I grew up as lifelong friends in Minneapolis, and I served—and still serve—as a trustee of the Farmers & Mechanics Savings Bank, of which he was president. He was a good citizen of our community by any standard one might apply and we were sorry to see him leave.

But our loss is your gain, and, as I said, it is an honor and a matter of real pride to be with John on this platform where he now appears as a leading spokesman for your great industry and I, in turn, have the privilege to speak—not just for my own company—but for our industry on our reaction and response to a serious national problem—the blight and discontent which exist so extensively in the older poverty-stricken areas of our urban centers.

The life insurance industry has, of course, been a leading investor in residential mortgages. Life insurance company holdings of residential mortgages—currently mostly being made in guaranteed and insured loans—represent about $1 out of every $6 of total residential mortgages outstanding. The bigger part of these holdings is in one- to four-family homes, but the companies' acquisitions of loans on multi-family residences have grown in importance in recent years. Out of our industry's total assets, almost $1 out of every $4 is invested in mortgages of this type, with the total amounting to $40 billion as of the end of 1966. Of this figure, over $16 billion was added, net, to the residential mortgage portfolio during the past ten years. To reach this net addition, life companies had to acquire loans totaling $48 billion in the past decade, or an average of almost $5 billion in new mortgage loans each year.

Life insurance companies are also major investors in commercial mortgages on such diverse facilities as hotels, office buildings, nursing homes, supermarkets, warehouse facilities, and medical clinics, just to mention a few. I believe my own company has about as wide a range of investments in commercial mortgages as any company in the industry. Life insurance company holdings of commercial mortgages as of the end of 1966 stood at $19 billion, or nearly 12 percent of total assets. With respect to commercial and industrial mortgages, life insurance companies represent the single largest investor in these instruments. Their holdings account for about one-third of total commercial and industrial mortgages outstanding. This type of investment helps to provide the plants for jobs and essential services for our expanding population.

I cite these figures both to point up the breadth of our mortgage investment policy and, more importantly, to illustrate the vast involvement of the life insurance industry in the housing field, whether expressed in absolute dollar holdings, as a percentage of their total portfolio, or as a share of the total market.

But, unfortunately, despite this enormous flow of savings in housing, the housing sector has shown up the poorest growth performance of any segment of the national economy for a number of years. Let's review some data to see just how housing has fared compared to the rest of the economy.

By the end of this month the current economic expansion will be 81 months old. This sets a new record, surpassing even the 80-month wartime expansion from mid-1938 to February 1945. Impressive too is the vigor of the present expansion. Total output has increased at an average annual pace of 4.6 percent, after taking out price increases. As compared with the long-run growth rate of 3 percent, from 1900 to 1960, the advance of real output over these past seven years can truly be called extraordinary.

The contrast of housing with the overall economy is dramatic. Housing expenditures have not grown at all. Residential construction expenditures are now running at about $23 billion on an annual basis. True, this doesn't look too bad in absolute figures. But when adjusted for the rise in prices, we are spending less than we did in 1949. The contribution that the growth of housing has made to the 4.6 percent expansion in GNP these past seven years is exactly nothing. Expressed as a share of GNP, housing now represented less than $3 out of every $100 of gross national product.

There is another point that deserves our attention. The fast pace of economic growth has brought with it in the last two years serious inflationary pressures, and this has compounded the problem of housing, particularly for the lowest income groups. Land, labor, and cost of construction materials have moved up very rapidly, at a much faster pace than the rise in the average level of prices. Those with low incomes have found it increasingly difficult to obtain adequate housing. Indeed, many more will be priced out of the housing market unless the trend of the last seven years can be halted or reversed. A virtual zero rate of growth of housing expenditures, coupled with a sharp rise in housing costs, cannot go on much longer without greatly compounding the many already serious economic and social problems.

Our cities face problems that go far beyond those of housing: population congestion, racial strife, air pollution, transportation, schools, and jobs. Minority groups which have migrated to the city are often untrained, uneducated, and unemployed. They are not prepared for urban living. Taken in combination, these problems, plus the many unfulfilled and frequently unfulfillable promises made too often by community leaders, city officials, and politicians, have resulted in resentment, cynicism, frustration, and disillusionment.

These problems that today beset our cities are of direct concern to life insurance companies. I have already noted our heavy investments in housing and income-producing properties, many located in or near large metropolitan areas. More important, a large majority of our policyholders live in metropolitan areas. It is no wonder, then that life insurance managements should be and are concerned about the quality of life in our cities. We recognize it as not merely a social problem or a government problem; it is a business problem that calls for business-like solutions. We have a necessary interest in taking special steps to help solve these urban problems.

To make any headway in solving these problems requires enormous resources. Government alone cannot be expected to solve them—the job is too big. The erosion of the tax base resulting directly and indirectly from the extreme poverty of those who need assistance itself imposes serious limitations, and even if government could provide solutions, those imposed by it might not always be acceptable to the community. Effective solutions, therefore, will require the efforts of all of us, particularly of the business community, to a degree far beyond its usual contribution. It is too serious a problem and too costly to take a business-as-usual approach, and that is why in the last year we in the life insurance industry have devoted a great deal of study to it and especially to the question of how, with our particular experience and resources, we can make a most significant contribution to its solution. The most promising area appeared to be housing, so that I would like to talk about this for a moment.

The great bulk of life insurance company investments in urban finance has been to those—individuals and business—who have sufficient incomes to service their debts. At the same time, life companies have made substantial investments in the central city areas, including urban renewal and slum areas. In many cities across the country, from Boston to San Francisco, the companies have invested in urban reconstruction and rehabilitation of housing in slum areas, sometimes without the direct participation of government. Some of the giant life insurance companies have taken a direct lead in housing developments, both sponsoring and creating large-scale projects in major cities. And many others as well, both large and small, have participated in urban redevelopment and housing programs. My own company, for example, erected its new home office building in the redevelopment of a "skid row" area and helped to finance other additional new construction in the same area. And only recently we have committed to participate in an urban redevelopment project near our University of Minnesota campus.

In addition to these investments in both urban housing and urban commercial properties, life insurance company officers have frequently participated in community organizations to make available their special skills in urban finance. One of my principal civic responsibilities at the moment, for example, is the presidency of a Community Development Corporation whose mission is to promote and coordinate the orderly development of a large, old and run down area of our community encompassing our state university campus and a number of other educational and health-care institutions.

It is perhaps not surprising, therefore, that when our industry decided to do something about the urban problem it should take the form of the commitment—about which I am sure all of you have already heard—to divert $1 billion of our industry's investable funds into improving housing conditions in the central city core area and financing job creating enterprises there.

The program dates back to last May, when the executive committee of the Institute of Life Insurance recommended to the life insurance business that it should assume a larger role in seeking solutions to the serious problems confronting our urban areas. The governing bodies of the Life Insurance Association of America and the American Life Convention thereupon appointed a joint committee on urban problems comprised of chief executives of eight companies. It was this committee which, after a number of meetings and consultation with government agencies, worked out the program which was announced to the President at a White House conference on September 13.

The knowledge and experience of our companies in housing and commercial investments was a compelling reason for this emphasis, as I have already hinted. The companies were convinced that they could make their greatest contribution in these two areas.

Although the $1 billion program has received a good deal of publicity, there are, as you can imagine, a number of matters that still need to be worked out, and our committee on urban problems has already appointed an advisory subcommittee made up of investment officers from representative participating companies to help develop guidelines for the implementation of the program. In addition, a central clearing house has been established by the committee under the direction of Mr. Kenneth Wright, the chief economist of the Life Insurance Association of America in New York, to which participating companies will report loan commitments for investments falling within the standards of the industry's urban program. This clearing house is also expected to serve as a collection point for project applications which are not directed toward any individual company, which will then be referred to participating companies under the guidelines to be developed.

There are also a number of other questions about the program which, I am sure, are of interest to you and also of considerable concern. Let me spend a few minutes to try to anticipate some of these in question and answer form.

Question. What kind of projects specifically will the companies invest in?

Answer. Specifically, investments will be made in projects that will produce low-income housing and finance job-creating enterprises in our slum areas. This would include single- and multi-family housing, financed either through existing federal insurance programs or through state and local development authorities. Low-income housing projects outside the core city can qualify provided they are primarily designed for the benefit of the population of the core city. To the extent possible, investments in commercial enterprises will be directed to those that will provide jobs for the city poor. These investments would be located where these people live, whenever possible. Beyond that, further studies are being made by the industry's committee on urban problems to see what other opportunities are available where our business can be effective.

Question. Aren't we endangering policyholder funds by risking them in these areas?

Answer. Appropriate measures will be undertaken to safeguard policyholder funds. The measures will differ in many of these investment situations, but generally the companies will be making use of existing federal programs which insure capital where risks are higher than normal. This will permit the companies to provide loans at interest rates that are no higher than prevailing market rates on investments on mortgage properties under normal practices.

Question. What was behind the $1 billion program?

Answer. As noted previously, most of our policyholders live in cities and are dependent upon the strength of our cities. In addition, the bulk of policyholder funds are invested there. As businessmen, we are concerned with the quality of their lives, the safety of their livelihoods, and the security of these investments. In addition, as thoughtful citizens of our country, we are mindful of the critical nature of the problems of our urban areas as they affect the long-term well being of our country—socially, economically, and politically—and we feel an obligation to devote a substantial measure of our special capabilities to the solution of these problems.

Question. Why haven't life insurance companies done something like this before?

Answer. As I remarked earlier, life insurance companies have invested in projects under urban redevelopment programs for many years. But the companies reached the conclusion that additional efforts must be specifically directed to the poorer areas of the community, where, particularly under current money conditions, capital does not normally flow in sufficient quantities to be effective.

Question. How is the $1 billion being subscribed?

Answer. The companies participating in the program have agreed to respond on a pro rata basis according to assets—up to 1 percent of assets, which, on the basis of the companies already committed, will definitely underwrite the full commitment.

Question. Will this money be pooled?

Answer. For the most part, no. Each company will make investments under the program through its own investment department. The test of a project counting toward a company's pledge is that it would not ordinarily have been financed under normal business practices because of location or risk. After clearance with necessary governmental authorities, pooling arrangements may be set up to encourage and permit participation by small companies or to permit the spreading of risk.

Question. Will the companies be originating and servicing the loans under the $1 billion program? What is the role of the mortgage banker?

Answer. In some instances loans under the program will be developed and serviced directly by the companies themselves. But many of the loans will require the active participation of the mortgage bankers. We need you to help us search out the very loans that we typically would not make because of high risk or location. We need you to advise us in this new area as to a host of problems that will inevitably arise in both the origination and the continued management of these loans. We need you to service these loans, loans that may well entail additional record keeping and collection expense. Participating companies have been urged to inform their loan correspondents or regional lending offices throughout the country that they are now willing to receive loan applications under the program which have not ordinarily been considered under normal investment practices. In summary, we are going to need the mortgage bankers to help make this program work.

Question. Which life insurance companies are participating in the $1 billion urban program?

Answer. Among the companies that are joining in this effort, some have already indicated a full commitment to the program while others will be presenting the plan for final approval of their boards of directors very shortly. We know already that more than 90 percent of the business by asset size will be represented when a complete list of participants is published, which hopefully will be before the end of this month.

Question. What steps have been taken since the program was first announced?

Answer. We are trying to work through existing government programs wherever possible, to avoid the delays that would result under new schemes requiring new legislation. One such program is the FHA 221(d)(3) housing section with insured loans at the market rate, combined with rent supplements for low-income groups. Where such projects are designed to relieve urban slum conditions, the life companies have worked out a plan with Secretary Weaver to take over FNMA commitments and thereby release funds immediately for further investment in urban housing projects, and a backlog of $38 million is already under review. As of this time, we have indicated a willingness to commit for $7.7 million in such loans, and we are well advanced on our examination of additional loans of this type. Individual companies have also started to work on projects in their own communities, and we will hear more of this in the weeks ahead.

Let me re-emphasize that this enormous undertaking by the life insurance business is going to require the cooperation and support of the mortgage banking fraternity. You have already been active in the financial development of 221(d)(3) loans at the local level and other projects of this type. Through your correspondent relationships with the life insurance business, this new emphasis on urban housing investments will generate additional opportunities for origination and servicing of such loans.

And here, let me digress briefly to some other areas in which a strong community of interest exists between the mortgage banking fraternity and the life insurance business.

One problem is the host of interest rate ceilings, fixed by law or by regulation, which have a critical influence on the flows of mortgage funds available for housing. These ceilings, whether state limits on mortgage interest rates or FHA–VA contract ceilings on mortgages, divert funds away from housing during periods of credit restraint. We have a common interest in seeing that such ceilings do not defeat their own purpose by harming those they pretend to protect, and in keeping them flexible and realistic rather than rigid and arbitrary.

We have learned together some harsh lessons on the effects that monetary and fiscal policies can have on the housing field. Inflationary pressures on the economy can lift the price of housing beyond the incomes of many thousands of families. If interest rates are pushed higher by excessive federal borrowing in 1967, credit available to the mortgage market could shrink drastically. These are two of the reasons that the life insurance business has gone on record before the House Ways and Means Committee in support of a temporary income tax surcharge to restrain inflation and reduce upward pressures on long-term interest rates.

As a final illustration of the problems we can solve by working together, many of you are undoubtedly aware of the techniques that have been developed for collateral trust notes issued by mortgage bankers to life insurance companies and other lenders against a pool of FHA and VA mortgages. While there are legal obstacles in some jurisdictions, major breakthroughs in this area have taken place in the past few months, and it is safe to predict that expansion and adaptations of this approach can and will be developed to the mutual benefit of life companies and mortgage bankers.

I entitled my speech "Social Responsibility and Urban Housing" and I want to end on that note. We in the life insurance business are deeply aware that the growth and vitality of our nation—and of our industry within it—depends upon a healthy economic and social climate. We know that if this is to be achieved, the burden of so doing—and the opportunity—must be shared by business and government.

By our $1 billion urban problems commitment, we feel that we have accepted a substantial measure of social responsibility in an area where we have special competence and resources. We can do more, and so can all business—including your business. We invite you to join us in this cooperative effort with government, both where you can help us specifically with our program, and elsewhere.

LETTERS FROM JOHN M. BAILEY, CHAIRMAN, DEMOCRATIC NATIONAL COMMITTEE, TO SENATOR CURTIS

Mr. CURTIS. Mr. President, I ask unanimous consent to have printed in the RECORD three letters I received from John M. Bailey, chairman of the Democratic National Committee, and my replies thereto.

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