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**NATIONAL HEALTH INSURANCE: A BOON TO PROVIDERS AND CONSUMERS**

In the Committee for National Health Insurance, we are convinced that the program we are developing sets forth the broad structure which can close that gap and create a uniquely American system for better service to consumers and more stable support to providers. By its very nature, our program is a health program and not just an insurance program. We want to move forward in health, not get bogged down in debates over old prerogatives that are hurting us all.

Doctors are entitled to the orderly arrangement of their family lives as well as their practice. Hospitals should be supported in reaching into greater community service, including opportunities in extended and ambulatory care. Medical schools are due relief from the intolerable debt in which, one after another, they find themselves. Those who pay for health insurance should be assured of effective cost and quality controls.

The national health insurance approach we are supporting would accept the challenge of creative changes. Many of the other health insurance proposals already publicly announced deal with the payment mechanism but not with how the services are delivered. They would only inflate further the costs of medical care.

We are not aiming to tear down. We want to salvage and use the best features of health care that are already available. But we want also to structure a new system that overcomes the present built-in waste and duplication and inefficiencies.

I would suggest there are five essential criteria of a viable health insurance program:

1. It must deal with the central fact—the disorganization and fragmentation of our non-system. To work, a health insurance plan must lay the foundation for creating organization out of disorganization.
2. It must provide for comprehensive benefits from prevention to diagnosis, to treatment, to rehabilitation.
3. It must control costs.
4. It must provide for control of quality.
5. Its programs and services must have built-in democratic controls.

National health insurance offers a new opportunity to eradicate the financial barriers to good health care and thus to reduce illness, disability and suffering. It offers to stimulate new efforts to focus health services on preventive care, early diagnosis and treatment. We believe that any national health insurance program should emphasize protection of health rather than merely payment for sickness.

We can save 14 billion dollars a year if we adopt a national health insurance program which restructures the delivery of health care and replaces the present non-system.

The figures cannot be arrived at with the precision of a slide rule or the delicacy of a surgeon's knife. They are cited, however, to give productive understanding of the dimensions of the present waste or possible savings in a properly structured system of health care in this country.

We are spending in wasteful ways about \$6 billion for hospital construction and care. Approximately \$3.6 billion could be saved in the more appropriate use of physicians through adequate use of organized modern group practice delivery methods. \$1.2 billion could be saved by controlling increases in physicians' fees so that they do not exceed the BLS increases in cost of living. \$400 million could be saved in needless Medicaid administrative costs and a billion dollars through effective coordination in use of physician services.

Over a billion dollars could be saved by eliminating wasteful practices in purchasing drugs, medicine and appliances and in the ways in which dental care and mental health services are offered to our people.

Finally, we should be able to administer such a program in a manner to save \$1.1 billion now clearly wasted.

I realize that all these savings cannot be achieved overnight. The waste in the present programs can however largely be eliminated on a rapidly progressing basis if we make the necessary changes in national financing and structure these changes to bring about better organized service delivery.

I feel strongly that all men and women of good will can and will harmonize their efforts to overcome the present shortcomings in the health care field and find adequate and acceptable answers to this very serious basic human need in America.

We recognize the inefficiencies and wastes in our present non-system and will weed them out of the garden. In their place, we need to plant a new and improved species, and give some of the better but undernourished clusters a chance to grow.

**FOOTNOTES**

<sup>1</sup> *The Size and Shape of the Medical Care Dollar*. Department of Health, Education, and Welfare. Chart Book, 1969. Superintendent of Documents, p. 5.

<sup>2</sup> \$14 billion = 23% of \$60 billion.

<sup>3</sup> *Medical News Report*, Vol. 2, No. 6, February 9, 1970, p. 2.

<sup>4</sup> *Research and Statistics*. Department of Health, Education, and Welfare. Note # 18, 11/7/69.

<sup>5</sup> *The Size and Shape of the Medical Care Dollar*, p. 15.

<sup>6</sup> *Facts of Life, Health and Health Insurance*. Committee for National Health Insurance. November, 1969, p. 22.

<sup>7</sup> *Medical News Report*, p. 2.

<sup>8</sup> Bunker, John, M.D. "A Comparison of Operations and Surgeons in the U.S. and England and Wales." *New England Journal of Medicine*, Volume 282, January 15, 1970, pp. 135-144.

<sup>9</sup> *Research and Statistics*. Note # 18.

<sup>10</sup> *The Size and Shape of the Medical Care Dollar*, p. 11. *Research and Statistics*. Department of Health, Education, and Welfare. Note #2, 2/23/70.

<sup>11</sup> *Research and Statistics*. Note # 18.

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

*How the development of a national health service delivery system under national health insurance could save as estimated \$14 billion wasted last year*

**CAPITAL SAVINGS**

	<i>Beds</i>
Acute general hospital beds as a result of—	
(1) Ambulatory diagnosis (10-million days)-----	37,000
(2) Consolidating maternity and pediatric beds (1.5 million days)-----	8,000
(3) Shortening stays by use of extended care and skilled nursing home beds, home health services and 7-day operation of hospital (16% of acute days) (35 million days)-----	126,000
(4) Less surgery: 3.7 million fewer operations performed, 26 million fewer bed days required-----	87,000

Number of acute beds unnecessary and therefore not needing to be replaced or modernized over 30-year period under a new system--- 258,000

*Annual Savings (Current Waste)*.—Capital cost for 258,000 unnecessary beds based on \$9 billion expenditure spread over 10 to 40 years. (Assumed 35,000 cost per bed, \$50,000 less cost of an equal number of skilled nursing home or ECF beds at \$15,000 construction cost), \$575 million.

**OPERATING COST SAVINGS**

(In millions of dollars)

By reduction of 25 percent in surgery—

(a) Hospital bills (25 percent fewer surgical admissions and stays; 3.7 million cases)-----	1,600
(b) Surgeons' bills (average bill \$200 × 3.7 million unnecessary surgical procedures)-----	740
(c) Net savings by adopting 7-day week (half a day per admission times \$50 per day)-----	700
(d) Increase physician productivity through expanded group practice (develop groups serving 60 million consumers)-----	3,600
(e) Control fees of physicians (10 percent of \$11.9 billion expenditure for private physicians)-----	1,190
(f) Reduction of hospitalization by ambulatory testing (5 percent of 27 million short-term days at \$70 per day)-----	400
(g) Reduce hospitalization by shortening of stays (1 day per admission for all admissions) by redesign of benefit structure, and effective utilization review to include ECF and home health services-----	1,800
(h) Unnecessary administrative-overhead expense of private health insurance-----	1,100
(i) Improve selection and delivery of drugs and medicines-----	600
(j) Systemize maternity-pediatric services-----	250
(k) Extend paraprofessional support of dentists-----	200
(l) Coordinate mental health with other health services-----	200

**SAVINGS RESULTING FROM COORDINATION OF TRIPARTITE SYSTEMS**

(In millions of dollars)

Medicaid administration improved-----	400
Reduction in uncoordinated demand on physicians-----	700
Reduction in uncoordinated use of facilities-----	500

**REA'S STARVATION DIET ADDS TO ADMINISTRATION'S DISMAL RURAL RECORD**

Mr. MONDALE, Mr. President, I recently joined with 26 Senators to send a letter to President Nixon urging the release of \$20 million which the Congress appropriated for loans to rural electric cooperatives.

The need for these funds is reaching the crucial stage. The entire Nation is currently faced with the distinct possibility of electric blackouts and brownouts this summer and beyond.

As of April 1 of this year, there was a backlog of REA loan applications of some \$377 million, and another \$182 million in applications are anticipated to be submitted by June 30, 1970. During fiscal year 1971 an additional \$464 million in applications will be submitted.

In Minnesota our figures include a current loan backlog of \$2 million; an additional \$18.6 million in applications will be submitted by June 30; and a State high of \$76 million in applications are to be submitted during fiscal year 1971.

Thus, Minnesota's total backlog through next year will be \$96,556,800—second only to the State of Kentucky.

Yet the administration continues to hold back \$20 million which could help

to alleviate this problem—\$20 million, I must repeat, which Congress has appropriated.

To underscore the seriousness of the situation, I ask unanimous consent that a table prepared by the National Rural Electric Cooperative Association be printed in the RECORD. Also, to reflect the Minnesota situation, I ask unanimous consent that a series of letters which I have received from various rural electric cooperatives be printed in the RECORD.

There being no objection, the items were ordered to be printed in the RECORD, as follows:

*Anticipated backlog of loan applications on June 30, 1970, and June 30, 1971*  
[In millions of dollars]

Backlog of loan applications, April 1, 1970	377
Applications to be submitted April 1, 1970, to June 30, 1970	182
Total to be considered, last quarter of fiscal year 1970	559

Less—Balance of loan funds available from \$345 million loan program	—126
Backlog of loan applications, July 1, 1970	433
Applications to be submitted, July 1, 1970, to June 30, 1971	464
Total applications to be considered in fiscal year 1971	897
REA loan fund budget request, fiscal 1971	—345
Backlog of loan applications, July 1, 1971	552

BREAKDOWN OF LOAN REQUESTS BY STATE

State	Loan backlog Apr. 1, 1970	Applications to be submitted June 30, 1970	Applications to be submitted July 1, 1970 to June 30, 1971	Total	State	Loan backlog Apr. 1, 1970	Applications to be submitted June 30, 1970	Applications to be submitted July 1, 1970 to June 30, 1971	Total
Alabama	\$2,165,000	\$2,635,000	\$16,467,000	\$21,267,000	Montana	\$2,891,000		\$3,205,000	\$6,096,000
Alaska	11,284,000		10,090,000	21,374,000	Nebraska	3,395,000	\$11,629,903	5,004,368	20,029,271
Arizona	1,034,000	10,030,000	19,370,000	30,454,000	New Mexico	4,077,988		8,005,000	12,082,988
Arkansas	34,639,000	5,509,900	12,276,100	52,452,000	New York		800,000	500,000	1,300,000
California	130,000		981,000	1,111,000	North Carolina	14,542,000	6,026,000	13,788,000	34,356,000
Colorado	8,429,000	13,825,100	30,719,895	52,972,995	North Dakota	700,000	12,169,000	23,991,000	36,860,000
Florida	8,004,000	7,418,300	13,538,000	28,960,300	Ohio	4,265,000	2,502,000	3,610,000	10,377,000
Georgia	1,684,000	9,009,104	12,049,705	22,742,809	Oklahoma	52,723,000	4,983,685	7,096,000	64,802,685
Idaho	920,000		2,030,000	2,950,000	Oregon	667,000	2,016,000	3,298,800	5,981,800
Illinois	2,183,000	1,592,800	10,550,000	14,325,800	Pennsylvania	1,710,000	2,885,000	2,452,000	7,047,000
Indiana	3,848,000	450,000	5,123,450	9,421,450	South Carolina	19,507,000	3,356,000	5,630,000	28,493,000
Iowa	41,645,000	3,188,340	4,196,700	49,030,040	South Dakota	459,000	3,458,000	8,616,784	12,533,784
Kansas	2,031,000	1,589,347	4,411,600	8,031,947	Tennessee	2,625,000	550,000	9,168,000	12,343,000
Kentucky	90,867,536	8,782,464	11,662,400	111,312,400	Texas	22,286,736	15,362,815	48,854,500	86,504,051
Louisiana	1,390,000	3,000,000	13,907,266	17,297,266	Utah	2,276,000		1,460,000	3,736,000
Maine	17,000	2,316,000		2,333,000	Vermont	1,365,000	2,000,000	3,000,000	6,365,000
Maryland		2,010,000		2,010,000	Virginia	2,837,000	1,600,000	10,090,327	14,527,327
Michigan	10,179,000	3,584,000	13,648,000	27,411,000	Washington	596,000	5,243,000	2,796,700	8,635,700
Minnesota	2,057,000	18,617,000	75,882,800	96,556,800	West Virginia			100,000	100,000
Mississippi	2,917,000	1,158,000	18,785,193	22,860,193	Wisconsin	630,000	3,946,733	12,000,000	16,576,733
Missouri	13,969,000	5,665,400	15,991,410	35,625,810	Wyoming		2,670,000	4,059,000	6,729,000

BLUE EARTH-NICOLLET COOPERATIVE ELECTRIC ASSOCIATION,  
*Mankato, Minn., May 12, 1970.*  
HON. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR: I am writing to ask your support for an increase in the appropriations for the Rural Electrification loan program.

We have not had a loan for 17 years. We have had an application in for one for more than a year but none has been granted as yet because of the shortage of funds.

Our reserves are being depleted quite rapidly. We have in our office right now several plats of developments totaling 980 lots. There is also a 7-up bottling plant, a large high school, a small factory, two industrial sites and in addition 350 acres have been taken into the city limits with water and sewer now being put in. This area could have a lot of development and all of it is in our service area.

All of the above takes a lot of investment on our part. Orders for material have to be placed months in advance because of the long delivery problem. These materials are being delivered now, making considerable inroads on our cash reserves. Still there is no loan in sight and it would appear we will have quite a problem.

We are therefore hopeful you might look favorably on increasing the REA appropriations and the immediate release of the \$20 million now frozen by the Bureau of the Budget.

Sincerely,

CAL PALMERSTON.

TODD-WADENA ELECTRIC CO-OPERATIVE,  
*Wadena, Minn., May 15, 1970.*

HON. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: We are enclosing a copy of our letter which was sent to the President requesting his support for the rural electrification program.

We know that you have always supported our program in the past and are deeply appreciative of it. If there is anything that you can do for us in this particular situation, we know that we will have your support.

Best personal regards.

Cooperatively yours,

PAUL RICHTER,  
General Manager.

TODD-WADENA ELECTRIC CO-OPERATIVE,  
*Wadena, Minn., May 15, 1970.*

The PRESIDENT,  
The White House,  
Washington, D.C.

MR. PRESIDENT: This letter is being written to ask your Administration's support in meeting the needs of the Rural Electrification Administration for adequate funds for an expanding rural electrification program.

Monetary requirements in the immediate years ahead will far exceed the demands of the past. Our own electric cooperative is a typical example. Since 1941 we have received loans totalling \$2,824,000. The last loan was made in 1959. Since 1959 our cooperative has invested \$723,000 of its earnings in its electric plant to meet the electric needs of its members.

Our most recent studies show that we will need \$666,000 to be invested in electric plant in 1970-71. An additional \$1,445,000 will be needed by January 1, 1979. These funds are needed for normal growth of the system—any unusual developments would increase the need sharply.

We request that immediate attention be given to two very important matters involved now in the rural electrification program:

1. Authorize release of \$20,000,000 which has already been authorized for fiscal 1970 but which is being retained by the Budget Bureau. While the retained amount is a small percentage of the total, its release would certainly help fill some of the critical loan requirements existing now.

2. We request support for the request now before Congressional Appropriations Committees for \$745 million for fiscal 1971. While this is a substantial increase over 1970 authorizations, it is not unreasonable when it is considered that total loan applications for 1971 will be \$897 million. Increased loan authorizations are particularly needed for fiscal 1971. It is expected that loan requirements after fiscal 1971 will be partially supplemented with funds from the newly formed Cooperative Finance Corporation.

Our nation's urban problems are directly intertwined with progress in rural America. If there be a revitalization in the country then a viable rural electrification program is essential to the progress and development of the rural areas.

We believe that your support for adequate loan funds as outlined in this letter will help relieve some of the pressures on our cities and also make possible a better life in rural America.

Thank you for your consideration.

Cooperatively yours,

PAUL RICHTER,  
General Manager.

ANOKA ELECTRIC COOPERATIVE,  
*Anoka, Minn., May 12, 1970.*

HON. WALTER MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: My purpose in writing you is to express my concern about Rural Electrification appropriations and give you some information that may be helpful in making a decision on the current appropriations bill.

The Anoka Electric Cooperative, of which I am General Manager, serves an area north of the twin cities generally from Anoka west to St. Cloud and east to the St. Croix and this includes several suburban communities.

We are in a rapidly growing area where the electrical load has been doubling every five years and it takes a considerable amount of

capital and construction to meet the needs. It is difficult to make an explanation in a few words so I am enclosing a copy of the talk I made to our members at the annual meeting in March which shows several of the points of concern. Also find enclosed a copy of our Annual Report.

Our projections show that it will be necessary to apply for an REA loan in about December of 1970 and it will be for about \$2,000,000.

Information that we get from REA in Washington and from surveys taken by NRECA show that there will be a backlog of loan applications on July 1, 1970 of over \$400,000,000.

Indications are that Congress is considering an appropriation of \$345,000,000 for fiscal year 7/1/70-6/30/71 and this will not be enough to meet the needs. Enclosed is an NRECA summary of the anticipated needs.

There is considerable emphasis on trying to cut down the trend of people moving to the cities and to encourage rural development and it doesn't seem consistent to have the people either stay in or move to the rural areas if we aren't able to take care of their needs in these areas. Electricity is an essential need.

As you know, the REA's have been working on a self financing plan which is progressing. We expect to obtain a request soon to make our initial investments in this organization. However, it is apparent that this supplemental financing will generate only about \$30,000,000 in the next fiscal year. Further, it is doubtful that there will be any money available for generating facilities. We purchase our electricity from Rural Cooperative Power Association at Ell River and estimates show that a new plant will be needed in 1976. Commitments to build this plant should be made during the next year. Every possible avenue of how to obtain the necessary capital is being explored, but so far a solution has not been found.

We are fully aware of the fact that there are many demands on the Federal Treasury and that priorities must be established. We know that it is difficult for you to determine where these priorities should be.

We are grateful for the loans and services we have received from REA. However, I felt that I should write and express our concern for the future.

A solution would be to influence the Bureau of the Budget to release a \$20,000,000 contingency fund appropriated for this present fiscal year and to increase the budget request of \$345,000,000 for next year.

I know that your attention and help on this will be appreciated.

Very truly,

MILTON S. OLBERG,  
General Manager.

ROSEAU ELECTRIC COOPERATIVE INC.,  
Roseau, Minn., May 14, 1970.

Subject: Rural Electrification Administration Loan Funds

Hon. WALTER MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: The Rural Electrification program is in serious need of additional funds, to be loaned to the electric cooperatives, throughout the nation.

Our own cooperative is in need of \$418,000, for which we expect to file application in the last half of 1970. Because of the large backlog of loan applications, new applications and limited funds available, REA will be way short in being able to take care of all of the needs.

I would therefore appreciate any assistance possible in releasing the \$20 million, which has been approved by congress and is now held up by the Bureau of the Budget. Also, your assistance will be appreciated for

increased appropriations for fiscal year of 1971 to \$745 million.

Sincerely,

M. A. HASLERUD,  
Manager.

RED LAKE ELECTRIC COOPERATIVE INC.,  
Red Lake Falls, Minn., May 13 1970.

Hon. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: We are enclosing a copy of a letter mailed to the President regarding the status of REA loan funds. We urge your support in appropriating adequate funds for the program.

Yours very truly,

CHARLES M. KLEVEN,  
Manager.

MAY 12, 1970.

President RICHARD M. NIXON,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: Being a Rural Electric Cooperative, which serves 3500 rural member consumers with rural electric power in a 4 County area in northwestern Minnesota, we are vitally concerned with the current status of Rural Electrification loan funds. It is our understanding that only 345 million is being recommended for REA for 1970-71, whereas the NRECA indicates through their survey, that applications for loan funds for the fiscal year will exceed 550 million.

In our particular case we are at a point where we are forced to use our reserve funds and our advance payments to meet our quarterly loan payments. How long we will be able to continue to do this is questionable. REA has a regulation that Rural Electric Cooperatives whose liquidable reserve funds exceed 8% of plant are not eligible for loan funds. This, we understand, is forced on the Rural Electrification Administration due to the shortage of loan funds. We do not feel that our reserve funds are excessive. In fact, at the 10% level, which is our liquidable reserve at this time, there is a question in our mind if this is adequate far from being excessive.

We are in and serve an area that is much in need of development, having been declared a distressed area for a number of years and now with the economic situation improving we must be in a position to offer service to these people as they move into our service area.

Our current supply of adequate wholesale power is not questionable at the moment, however our future power supply will be in question if adequate funds are not appropriated for generation and transmission installations as well as distribution.

The records of the Rural Electric Cooperatives have been unmatched for payback to the Government. There are a number of Government programs that are outright grants and subsidies. However, the rural electric program is a payback program with interest. The records will show that the element of risk as far as the Government is concerned, is practically non-existent. We know of few Rural Electric Cooperatives who are in any way delinquent in their payments. However, if adequate loan funds are not appropriated you can see where this could become a serious problem with many of us.

May, we, therefore, as a Rural Electric power supplier, urge your support in recommendation that loan funds for the rural electrification program be increased to me at the coming needs of the rural electric program.

Yours very truly,

CHARLES M. KLEVEN,  
Manager.

RED RIVER VALLEY COOPERATIVE POWER,  
Halstad, Minn., May 12, 1970.

The President,  
The White House,  
Washington, D.C.

MR. PRESIDENT: I am writing to you regarding the dire need for additional loan funds in our area and over the United States as a whole.

The Board of Directors of Red River Valley Cooperative Power Association have delayed making any additional requests for loans from REA during the past twelve years. We have been able to do this by investing as much as possible of our own funds and also delaying as much as possible, expansion and proper maintenance of our system.

We are very shortly approaching the point where we will have to ask REA for additional loan funds to serve our present consumers and others who decide to build homes in the rural areas. I would like to encourage you to release the twenty million dollars in loan funds appropriated by Congress for the current fiscal year, but frozen by bureau budget at the present time.

I would also like to request your support of the important power supply program for electric cooperatives, who at the present time, generate a very small percentage of their needed capacity through the lack of these loan funds to build facilities.

I want to thank you for your consideration of these requests.

Sincerely yours,

JAMES S. OGARD,  
General Manager.

STEARNS COOPERATIVE  
ELECTRIC ASSOCIATION,  
Melrose, Minn., May 18, 1970.

THE PRESIDENT,  
The White House,  
Washington, D.C.

MY DEAR MR. PRESIDENT: As the general manager of a rural electric distribution cooperative, I would like to express my views on the vital need for the continued financial support of the cooperatives.

We all realize that government expenditures are of the utmost importance, and that they are continually growing, as are the problems of rural life. But consider what rural life would be like today, if it were not for the many rural electric cooperatives that serve the people in the rural areas. Therefore, I find it imperative that I ask for your assistance in obtaining the necessary funds, which have been appropriated, in order that we may keep up with the demand for electric service, which is growing so rapidly. In our local area there are numerous housing developments under construction, or they are in the process of being developed. The acquisition of funds, in order to keep up with these needs, is putting us in a very difficult situation.

NRECA has pointed out to the congressional committees that an appropriation of Seven Hundred and Forty-Five million is needed for the fiscal year of 1971, in order that the level of REA loan application backlog become more manageable.

In view of the fact that the REC's have made their loan and interest payments on time, in addition to advance payments on their loans, do you not think that the investment in the future of rural people is one which should merit your serious consideration?

In these times, when there is so much unrest among the young people of our country, the REC's are trying to get them back on an even keel, to educate them in the operation of the government of our country, and stop the strife which seems to be tearing our society apart.

We fully realize that we are but one spoke in a large wheel, but as in any wheel, each spoke strengthens the wheel. Thus, we believe it is a requisite that favorable consider-

ation be given to the granting of loan funds, which will greatly help in the needs of the people of the rural areas.

In closing, I have one more request to make, and that is that the Bureau of Budget be instructed to immediately release the Twenty Million appropriated by Congress for the fiscal year, which has been frozen, and is so desperately needed by the rural electric cooperatives.

Yours respectfully,

BERNARD W. FEIERABEND,  
General Manager.

SOUTHWESTERN MINNESOTA  
COOPERATIVE ELECTRIC,  
Pipestone, Minn., May 20, 1970.

Hon. WALTER F. MONDALE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR MONDALE: Your help and support is most urgently needed for increased appropriations for the Rural Electrification program for fiscal year 1971.

The backlog of electric loan applications is expected to be \$433,000,000 by the close of the current fiscal year 1970. It is anticipated that rural electric systems will be submitting loan applications totaling another \$464,000,000 during fiscal 1971. The President's budget requests a program of \$345,000,000 for the coming year. If REA has to consider applications totaling almost \$900,000,000 by the end of fiscal 1971, the backlog of applications will exceed \$550,000,000, leaving many cooperatives out of funds and facing the prospect of having to delay maintenance or postpone needed system improvements or delay new construction.

The immediate and long-term consequences of the shortage of REA loan funds could be disastrous to the nation as a whole. A rebuilding of the rural areas is vital if the migratory flow to the cities is to be slowed or reversed. Adequate and dependable electric power is a prime necessity in order to attract and hold the rural population.

Generation loans will be needed to ease the severe power shortages that will be facing the industry shortly. The restrictions placed on power supply loans is severely limiting the ability of power supply systems to adequately plan for meeting the growing needs of the distribution co-ops they serve.

We will appreciate assurances of your support in obtaining adequate loan funds for fiscal year 1971 and recognition of the Rural Electrification program needs.

Thank you.

Sincerely yours,

MARVIN BEYERS,  
President.

Mr. MONDALE. Mr. President, a review of this correspondence reveals that the release of the frozen \$20 million is not the only problem facing rural electric cooperatives. The current administration has placed them on a starvation diet with other policies as well.

During the previous administration the Rural Electrification Administration tackled the crucial bottleneck of wholesale power supply.

The REA Administrator issued REA's "Third Criterion" on generation and transmission policy. This made clear that REA would fund G. & T. facilities in those situations where the co-ops needed their own wholesale power sources to protect their "security and effectiveness" as permanent parts of the electric utility industry to serve rural America.

In the 8 years of the Kennedy-Johnson administration the REA approved G. & T. loans totaling \$1,300,000,000—30 percent more than had been loaned for

such purposes during the entire 25 previous years of REA's history.

These loans nearly doubled the total generating capacity of REA-financed rural systems. Thirteen new power supply systems were financed for rural electric cooperatives.

Now we have an REA which has rescinded the "Third Criterion," and which has not approved one single generating loan of any significance. There are pending in REA today more than \$260 million in G. & T. applications.

The administration is also stretching loan dollars by various devices including drastically cutting back on the amounts of loan applications and by the imposition of extremely restrictive financial policies on borrowers.

As an illustration, one Minnesota loan application of \$560,000 was approved for only \$300,000, and two loan applications of \$490,000 and \$457,000 were simply dropped from the Rural Electrification Administration's listing.

Mr. President, despite the growing need for capital brought on by the constant rise in demand for electric service, the administration is severely cutting its loan fund authorization. These reductions, on the top of damage done by uncontrolled inflation, are threatening the very existence of some rural electric systems.

The Nixon administration is forcing rural electric systems to deplete their financial resources to dangerously low levels. This restrictive policy is forcing more and more systems to delay construction, postpone the heavying up of facilities, turn away new consumers, use hand-to-mouth operations which threaten credit rating, and pose problems in meeting payrolls.

The continuation of these practices will eventually bring about an erosion of the capability of rural electric systems to carry out their utility responsibilities in their service areas.

Mr. President, this entire situation is just another example of the Agriculture Department's retreat from its former leadership in the field of rural area development.

This is not an idle statement. The REA Administrator has announced, for example, that as a matter of policy, REA will no longer consider section 5 consumer loans for electrically operated machinery and equipment used for industrial purposes.

While this authority has always been used sparingly and only in cases of crucial necessity, it has been used to make possible significant industrial projects in the rural service areas of the REA-financed cooperatives.

All of the aforementioned is most disturbing to me since I know the value of rural electrification to the future well-being of rural America. I await the President's reaction to our letter with great interest since it might well set the record straight on his intentions for rural America.

I ask unanimous consent that the letter be printed in the RECORD.

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

U.S. SENATE, COMMITTEE ON GOVERNMENT OPERATIONS,  
Washington, D.C., May 11, 1970.

THE PRESIDENT,  
The White House,  
Washington, D.C.

DEAR MR. PRESIDENT: Congress last year appropriated \$365 million for fiscal year 1970 for REA loans to rural electric cooperatives. It has been brought to our attention that \$20 million of that appropriation has not yet been released by the Bureau of the Budget.

Inasmuch as the total appropriation for fiscal year 1970 for the rural electric program falls roughly \$400 million below the amount needed in order for the nearly one thousand rural electric cooperatives to meet growing demand for service, we feel that the release of the additional \$20 million appropriated by Congress is urgently necessary. The rural electric cooperatives, in an effort to meet their needs for additional growth capital, have undertaken the establishment and operation of the National Rural Utilities Cooperative Finance Corporation. It is anticipated that some funds will be available for lending by this corporation early next year. However, CFC is presently still in its formative stages and cannot contribute significantly to the capital requirements of rural electric cooperatives at the present time.

Because of the present shortage of loan funds, many rural electric systems throughout the United States are being forced to reduce their work force or cutback to a four-day work week, the result of which will be that residents of rural areas are not going to get the type of electric service to which they have become accustomed and to which they are entitled.

The release of the additional \$20 million now being held by the Bureau of the Budget certainly will not solve all of the capital requirements of these cooperatives. It will, however, allow the REA to make loans in those instances of pressing need. We, therefore, respectfully urge you to release this \$20 million at the earliest possible date before the close of this fiscal year.

Sincerely yours,

Philip A. Hart, Joseph M. Montoya, Fred R. Harris, Ralph Yarborough, Quentin N. Burdick, Daniel K. Inouye, Vance Hartke, Herman E. Talmadge, Harrison A. Williams, Jr., J. W. Fulbright, Warren G. Magnuson, Frank Church, Thomas F. Eagleton, Walter F. Mondale, Mike Mansfield, Edmund S. Muskie, Frank E. Moss, Eugene J. McCarthy, Thomas J. McIntyre, Mike Gravel, Albert Gore, Henry M. Jackson, Gale W. McGee, Birch Bayh, George McGovern, Stuart Symington, William Proxmire, U.S. Senators.

#### TUCSON DAILY CITIZEN THIRD ANNUAL HIGH SCHOOL OPINION POLL

Mr. GOLDWATER. Mr. President, the Tucson Daily Citizen recently sponsored its third annual high school opinion poll. Once more the turnout of participating students was nothing short of phenomenal.

Nearly 12,000 ballots were cast by students from 15 Metropolitan Tucson high schools. These students represent almost 60 percent of the total student population in Tucson. This is an overwhelming response as anyone who studies polls will know, and I want to express here and now my great pride in the youth of Tucson for displaying such a mature interest in significant local, national, and international matters.

Their active and responsible participa-