

Quite honestly, I know the financial community—with its fear of federal involvement—will be more satisfied by a local plan aimed at the redlining problem. And I think there are several advantages here for the borrower also.

For the borrower, a local plan often means that it is designed for those unique characteristics that his community alone possesses. A local arrangement probably can get off the ground and working much faster than any congressional scheme. A local plan often features active citizen participation and citizen participation generally means more lender responsiveness. And finally, local plan bears the identity of that community thus there is local pride acting as an incentive to make a plan work.

For the lender, a local arrangement means that the financial community shares in developing the plan, as opposed to carrying out an idea imposed by Washington. A local plan often contains flexibility that a federal statute will not feature. And probably the most compelling reason for lenders to develop their own program is the near certainty that if they don't the federal government will.

In closing let me reiterate the congressional awareness of the causes and effects of the refusal to grant credit to urban residents—our mortgage disclosure act reflects this.

Lenders would do well to take note of the bill we just passed and realize that they have about 36 months to open loan windows that—in the past—have been closed to certain neighborhood elements.

The role those of you here today can play is to carry this message back to your respective communities and their lenders and then act as a catalyst to get a local plan mortgage credit plan working. Thank you.

[From the American Banker, Nov. 24, 1975]

**MORE U.S. LAWS SEEN IF REDLINING
CONTINUES**

(By Laura Gross)

NEW YORK.—Rep. William S. Moorhead, D., Pa., warned members of the financial community Friday that if they do not take responsibility for solving the problems of redlining locally, the Federal government may have to support proposed mortgage disclosure laws with credit allocation measures.

Mr. Moorhead addressed a conference on urban reinvestment sponsored by the American Jewish Committee's Institute of Human Relations in cooperation with the National Urban League, the urban reinvestment task force of the Federal Home Loan Bank Board, the Interreligious Coalition for Housing, the Federal Reserve Board and the Department of Housing and Urban Development.

The conference was attended by about 50 representatives of financial institutions, social action agencies, government agencies and corporations and neighborhood housing development projects.

Mr. Moorhead explained that he expects enactment shortly of pending Federal legislation requiring disclosure of mortgage loans made by financial institutions—with a House version as the final one. The House version requires banks and other lenders to disclose location and amount of mortgage loans by census tract rather than zip code area. The Senate version uses zip code areas.

But, the congressman emphasized, this legislation is not the answer to redlining. If, after a three-year experiment with disclosure, "there is not sufficient evidence that redlining no longer is a problem, there will be a great demand on the Congress to approve some type of direct credit allocation mechanism to assure that creditworthy individuals no longer are denied mortgage money," he declared.

His warning, he said, is a friendly one, especially in light of progress being made

in opening up more mortgage funds for inner-city residents in several cities. He pointed to voluntary programs in Pittsburgh, New York State and Boston, and added that local plans are better not only for lenders but also for the borrowers.

He applauded work being done at the conference to form an effective national coalition of bankers, social action agencies and community groups built around common concerns for urban reinvestment. Representatives of the various groups who were present Friday will be contacted in the near future to discuss putting such a plan into action, Sholom D. Comay, chairman of the national housing committee of the Institute of Human Relations, explained.

Mr. Moorhead was instrumental recently in helping formation of Pittsburgh's Home Mortgage Opportunity Committee, a group of savings and loan associations, commercial banks and social action agencies dedicated to reviewing mortgage loan turn-downs by financial institutions in the city.

Also speaking at the meeting was William Whiteside, executive director of the urban reinvestment task force, which has been responsible for helping to establish 16 Neighborhood Housing Service programs in cities throughout the country. NHS programs provide high-risk revolving loan funds for inner-city borrowers who are not considered creditworthy by financial institutions. The program also catalyze mortgage loan investments by banks and savings and loan institutions in the neighborhoods they serve.

Mr. Whiteside explained the FHLBB strongly supports a recently introduced congressional measure that would provide an urban reinvestment fund to absorb 80% of a loss on any mortgage foreclosure insured under this proposal. A lender would face a 20% loss on any foreclosure, he said.

The co-insurance measure, as he called it, "won't let the lender sell out and walk away" on a foreclosure, whereas, he added, the lender might do so more readily if the loan were 100% insured by the Federal Housing Administration.

The co-insurance program would apply, he explained, to all homes anywhere that are 25 years or older, and will also involve the private mortgage industry in reinsuring the bank or saving and loan association's part of the risk so that the cost is not passed on to the borrower.

Mr. Whiteside emphasized he thinks this would be a good tool for aiding urban reinvestment where Neighborhood Housing Services programs are not already in existence.

He also announced establishment of a group called Neighborhood Housing Services of America, a sort of umbrella funding group made up of representatives of Neighborhood Housing Service programs from over the country. It would buy mortgage loans from individual NHS high-risk funds when these programs have lent all funds available to them.

The NHS group would be funded by a \$250,000 grant from the urban reinvestment task force of the FHLBB. Mr. Whiteside said its funding power could possibly be increased through contributions from charitable organizations, foundations and financial institutions, or long-term loans from some of these sources.

Vernon Jordan, executive director of the National Urban League, also addressing the group, made it clear that he felt "the need for the private sector to return to the housing financing market for low- and moderate-income families is of paramount importance."

He contended that the reason neighborhoods decline is that lenders do not want to risk funds on blacks. "The recent study by the Comptroller of the Currency demonstrated beyond any shadow of a doubt that

black applicants for mortgage loans are turned down almost twice as frequently as whites, even when socio-economic levels were held constant," he asserted.

There is no reason why "workingclass black ghettos cannot be stabilized and rehabilitated, just as working-class white neighborhoods have been maintained with the aid of institutional mortgage lending" he stated.

Carl Westmoreland, executive director of Cincinnati's Madisonville area Neighborhood Housing Service, contended, however, that many neighborhoods begin to decline long before a really visible socio-economic or race change occurs. In his neighborhood, where the NHS program has been highly successful, he said, "disintegration and decline began before blacks got there and those that watched the decline and left will now have to help those of us who want to be there fix the neighborhood up."

The group discussed housing code enforcement, community development agencies where housing is owned by community members, and, in New York, specific problems of urban reinvestment where the city planning agency has a budget of only \$102 million to cope with a multibillion-dollar community redevelopment problem.

The tone of the conference, however, was one of hope that with nationally based agencies, private business and banking institutions and public agencies working together, urban disinvestment can be reversed in many cities.

PEER REVIEW SYSTEM

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 4, 1975

Mr. TEAGUE. Mr. Speaker, I received the following communication from Prof. Jerome Gavis, Johns Hopkins University, recently which I think is extremely thought-provoking. I think it speaks for itself in suggesting that there are several sides to the coin of the so-called "peer review system" which has been under review lately.

I believe that Members may find this letter and my response to it useful in assessing our Federal system of supporting basic research:

THE JOHNS HOPKINS UNIVERSITY,

Baltimore, Md., October 24, 1975.

HON. OLIN E. TEAGUE,
Rayburn Building,
Washington, D.C.

DEAR MR. TEAGUE: I have recently been awarded a research grant by the National Science Foundation to fund a two-year study on "Diffusional Transport and the Kinetics of Nutrient Uptake by Phytoplankton". I am writing this letter to you in view of the controversy now going on about NSF funding and granting procedures, to tell you about the work I plan to do and why it is important, and to express and to explain my feeling that the NSF review and selection procedures for research grants are not only fair but most productive and should be continued.

Despite the imposing title, the study is simple in conception. Phytoplankton are algae; the word denotes these kinds of algae that float in water and color it green. Such algae can become nuisances in rivers and lakes under certain conditions. When plant nutrients like phosphate and nitrate are added to water bodies, phytoplankton grow and multiply very rapidly, then die and

rot, coloring the water deeply, causing odors, killing fish, etc. In order to learn how to control algal nuisance efficiently and at low cost we must understand, among other things, how rapidly these organisms grow when presented with the nutrients. We also need to know how rapidly phytoplankton can grow, if we wish to utilize the biological productivity of the oceans most efficiently. Algae provide the basic food supply for higher forms of aquatic life like fish.

Phytoplankton grow at rates controlled by the concentration of the nutrient in least supply. My idea is that the nutrient in least supply may not be able to diffuse to an organism through the surrounding water as rapidly as the organism requires it for growth. That is, an organism responding to a given nutrient concentration sucks it up, but depletes the region around it of nutrient. Nutrient then moves by diffusion toward the depleted region from farther away, but may not be able to move through the water as rapidly as the organism requires it. The organism can only grow as rapidly as the nutrient can reach it. This is slower than the growth rate would have been if diffusion were more rapid. In past work the slowing effect of diffusion had not been considered.

Apparently the idea was intriguing to the scientific community, because the NSF awarded me a small, short-term grant a couple of years ago to see what could be made of it. One of my students and I showed by experiment that the idea was sound and potentially important to our understanding of the mechanisms of algal growth. The NSF has now funded a more extensive study so that we can thoroughly investigate and establish the role of diffusional transport in algal growth.

The results will not be spectacular nor lead to immediate technological advances. We are not going to solve the algae nuisance problem nor provide for greater oceanic productivity with this grant. No one can honestly claim to be able to do these things at this time. Our work, however, is not less important because of this. What we will do is provide another scientific fact that must be added to the large number of scientific facts, known and yet to be discovered, that we must have in order to solve these problems. We are providing the scientific groundwork for future technological advances.

It is unfortunate that the pace of science is so slow and that we cannot now economically solve our environmental problems. My colleagues and I, as well as other scientists, are striving to provide as quickly as we can the information that must be known before the technological advances can be made that will allow our myriad environmental problems to be solved at acceptable cost.

The NSF is one of the very few agencies for funding the basic research necessary to provide the essential scientific facts. I believe that, while its granting procedures are not perfect, they have been worked out over a long period of time and are better than others that have been proposed. The peer-review system, in particular, is an excellent means of insuring the scientific merit of research proposed for funding. It has, however, been attacked as a means of providing for "insiders" and of keeping unknowns out. I do not believe this, because I am an "outsider" and unknown in the field in which my grant was made. Although I have done competent and published scientific work in the past, I am a chemist, have never published in the biological literature, and am totally unknown in the world of aquatic biological science. My contacts in NSF were in the physical and engineering sciences group and were made more than ten years ago. The people I knew are no longer there. I know no one in the marine sciences group, nor have I met anyone from that group

personally. Yet the aquatic biological community and NSF were willing to give me an initial chance and an opportunity to continue the work. An "insider"-based system would have left me out. So would a geography-based system, since I am at a small but major university in the mid-Atlantic states. So would a system biased toward youth, since I am no longer young.

Support should go to scientists doing good work, not to those chosen in some arbitrary way. The best mechanism for awarding the limited support funds available is the peer-review system. The least costly and quickest way to obtain them in the long run is by adequate support for basic research and meritorious award of funds.

Sincerely yours,

JEROME GAVIS,
Associate Professor.

COMMITTEE ON SCIENCE AND
TECHNOLOGY,

Washington, D.C., October 29, 1975.

Prof. JEROME GAVIS,
Department of Geography
and Environmental Engineering,
The Johns Hopkins University,
Baltimore, Md.

DEAR PROFESSOR GAVIS: I receive a lot of letters in my capacity with the Committee on Science and Technology, but rarely does a scientist write and explain to me what he is doing as clearly as you did in your recent letter. Thank you for taking the time to do it so well.

I also appreciate the fact that you must be following the course of oversight of the National Science Foundation under our Subcommittee on Science, Research and Technology chaired by my colleague James Symington. The Subcommittee, I assure you, is considering the matter of peer review closely. In this connection it is always helpful to hear from people such as yourself who are directly involved with the Foundation. I am sharing your letter with Mr. Symington and his staff.

Thanks you again, and best regards.

Sincerely,

OLIN E. TEAGUE,
Chairman.

RED CROSS CERTIFICATE OF MERIT

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 4, 1975

Mr. RUPPE. Mr. Speaker, I would like to bring to your attention the courageous deeds of two individuals from my district in East Jordan, Mich.

On August 29, 1974, Mr. William Breakey and Mr. Richard Oleniacz were working at their jobs as part of a construction crew for a sewer project. Nearby a backhoe boom suddenly came in contact with a 7,200-volt transmission line which caused an electrical current to pass through the body of one of their coworkers. Both of these alert gentlemen rushed to the accident, cleared the victim's air passages as he had stopped breathing, and immediately began to alternate in giving mouth-to-mouth resuscitation to the victim until he regained consciousness and was breathing through his own efforts. There is no doubt that had Mr. Breakey and Mr. Oleniacz not been there to perform these lifesaving

techniques, their coworker would not be alive today.

Messrs. Breakey and Oleniacz will be receiving the highest award that the American National Red Cross can bestow on an individual, their Red Cross certificate of merit and accompanying pin. As I am sure you will agree, these two fine individuals are most deserving of this award based on their efforts in saving a life.

WHY CANNOT LIBERALS ATTACK BIG GOVERNMENT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 4, 1975

Mr. ASHBROOK. Mr. Speaker, EDMUND MUSKIE, Senator from Maine and former candidate for President, recently asked a very penetrating question—

Why can't liberals start raising hell about a government so big, so complex, so expensive, and so unresponsive that its dragging down every program we've worked for?

This is something I have often wondered about myself. Why cannot liberals work to reduce the size and cost of the Federal Government? Why does it always seem to be the conservatives who are concerned about big government?

Perhaps it is force of habit. For years the liberals have voted to increase the size of government. They have created countless new Federal agencies with thousands of employees and miles of red tape.

Each new agency and each increase in the power of the Federal Government has been hailed by most liberal politicians as a great step forward. Instead of improving the situation, however, these actions have made the Government even more distant and even more unresponsive to the needs of the people. It has also added to the cost.

Perhaps, then, the problem is just force of habit. After having voted for big government all these years, it is difficult for the liberal politicians to change their ways.

Or perhaps the problem is that the liberals cannot admit to the American people that their philosophy has failed. Big government is not the panacea it was thought to be. It is not the cure-all for everything in our society.

Perhaps the liberal politicians, after years of promoting big government, are embarrassed to admit they were wrong. They decline to attack big government because they have helped create this monster in the first place. And now they have no other solutions.

Whatever the reason may be, it is clear that the liberal majority in Congress is unwilling to cut big government down to size. It continues to be the conservatives rather than the liberals who are concerned about the costly bureaucratic nightmare that has become dominant in Washington, D.C. It continues to be the conservatives rather than the liberals who attack big government.