school to train war veterans and others for various jobs.

HANDLING OF ANTIBALLISTIC MISSLE DEVELOPMENT PROGRAM BY SECRETARY OF DEFENSE

Mr. DIRKSEN. Mr. President, at the request of the Senator from Texas [Mr. TOWER], who is necessarily absent, I have been asked to make the following statement, which he has prepared:

STATEMENT BY SENATOR TOWER, READ BY SENATOR DIRKSEN

Mr. TOWER. Mr. President, Technology Week magazine's editor, Mr. William J. Coughlin, has written an editorial in his May 15 edition which, I believe, gives voice to many of the worries and uncertainties that many Americans feel about the Defense Secretary's handling of the antiballistic missile development program.

I ask unanimous consent that the editorial be printed in the RECORD and commend it to the attention of the Senate.

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

ON WALKING SOFTLY

It isn't quite unanimous.

The Joint Chiefs of Staff believe this nation should have an anti-ballistic missile (ABM) system. Committees of both the Senate and House believe this nation should have an ABM system. The Secretary of the Army agrees. The Secretary of the Air Force agrees. The Secretary of the Navy agrees.

The Secretary of Defense disagrees. His stand is one of commitment to talks with the Soviets in hope of heading off an arms race by convincing the Russians they should dismantle the ABM system they are building.

There are so many fallacies in Mr. McNamara's position it is little wonder everyone around him is disagreeing with him.

Perhaps the foremost and most dangerous, because of the implications it holds for our nation's entire defensive posture vis-a-vis the Soviets, is the Secretary's belief that the power of his logic will force the Russians to cease and desist. He is so convinced that the building of ABM systems by both nations is ill-advised that he is certain he can make the Soviets see this if they will just talk to him.

We don't know how many Russians Mr. McNamara knows, but we have some news for him. The Russians don't trust him. Since he is head of the American military establishment, they are inclined to regard his statements as something less than the word of Marx. When he tells them something is good for them, they are less than overwhelmed by his generosity in making the news available.

That is a major stumbling block. But it is far from the only one. Much more dangerous is Mr. McNamara's hope that he can talk the Russians out of doing something they already are doing by promising that the U.S. will continue to do nothing.

The Soviets must be smiling slyly at the naivete of suggesting that kind of horse trade.

Even worse is the fact that the Soviet willingness to discuss the matter is billed as a great victory for the McNamara viewpoint. What else would the Soviets do? They are busily engaged in the building of an ABM system to protect their nation and to readjust the balance of power in their favor. If a series of protracted conferences with Mr. McNamara can delay initiation of the *Nike-X* system while deployment of the Soviet ABM continues, it is hardly surprising that the Russians are willing to talk.

We are rapidly nearing the end of a six-month period since President Johnson and Secretary McNamara revealed that they were postponing initiation of *Nike-X* production in an effort to engage the Russians in an ABM detente. We suggest that setting of a deadline to Mr. McNamara's nonsense is a must.

The very inactivity of the U.S. program will encourage the Soviets to continue discussions while stepping up their own ABM deployment. Every week that goes by widens the gap.

If Mr. McNamara expects the Russians ever to give serious consideration to his arguments, he should pass the word immediately to start deployment of a U.S. ABM. Only when such work is underway will the Soviets begin to think seriously about what he is proposing. And while they are considering it, they will not have the advantage of improving their military position by taking part in the discussions.

The need for an early and public deadline was made apparent by the qualifications of each of the service secretaries in voicing their support for *Nike-X* deployment. Air Force Secretary Brown referred to deployment if the talks "do not succeed." Army Secretary Resor used the phrase, "if these negotiations do not lead to a satisfactory settlement." Navy Secretary Nitze made his support "subject to the results of the negotiations with the Soviet Union."

Another argument by the Secretary of Defense that leaves us cold is his belief that allowing the Russians to redress the balance of power will ease tensions in the world. He has made it apparent he feels the world will be much better off if the Soviet Union is permitted to bring its offensive ICBM strength up to a level more equitable with that of the U.S. Attainment of such a position of offensive parity can also be achieved, of course, by alteration of the defense positions of the two nations.

Our worry stems from the fact that the Soviets have shown themselves to be much more sensible in pursuit of national interest than Mr. McNamara has. He is going so far in the opposite direction, as a matter of fact, that we anticipate his whole attitude on this topic one day becoming the subject of a Congressional investigation.

The difficulty lies in the fact that the Russians have shown no intention of stopping when they reach parity nor is there any reason for believing they will do so. They may, in fact, already have passed that point. You may recall that Mr. McNamara was basing his actions of several years ago on the belief that he could convince the Soviets that inferior ICBM strength was good for them and the world.

Now that he has failed to get that word across, he is pressing for an equal balance of power. If he stays around long enough, we expect to hear Mr. McNamara someday patiently explaining at a Pentagon backgrounder why the world is better off if the U.S. is in an inferior military position to the Soviets.

We sympathize with Mr. McNamara's thesis that a nuclear holocaust is so horrible to contemplate that the nations capable of bringing it about must take steps to prevent it. But this opens a trap for the internationalist into which Mr. McNamara has fallen. National interest still is a major force in the world.

Walk softly and carry a big stick is still good advice. It should also carry the reminder that on occasion national interest requires doing something other than walking softly. If there is then no big stick, all the U.S. will be able to do on such occasions is to continue walking softly—into subjugation

If President Johnston wants Mr. McNamara to work on the problem of easing international tensions, be should name him Secretary of State. Then he should name a Secretary of Defense who will protect the national interest against the mistakes of the Secretary of State.

FEDERAL HOUSING ADMINISTRATION

Mr. DIRKSEN. Mr. President, at the request of the Senator from Texas [Mr. TOWER], who is necessarily absent, I have been asked to make the following statement, which he has prepared:

STATEMENT BY SENATOR TOWER, READ BY SENATOR DIRKSEN

Mr. TOWER. Mr. President, Mr. Seth Kantor, whom I regard as among the most talented and professional newsmen covering Washington, has recently written a penetrating, skillful series of three articles about the Federal Housing Administration.

These articles appeared concurrently in the El Paso Herald-Post, the Albuquerque Tribune, and the Fort Worth Press. Similar shorter articles were published by other Scripps-Howard newspapers across the country, such as the Washington Daily News.

I commend these articles to the attention of the Senate, particularly Senators who are charged, as I am, with special responsibilities in the field of housing and urban affairs. I ask unanimous consent that the three articles be printed in the RECORD.

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

[From the El Paso (Tex.) Herald-Post, May 16, 1967]

FHA HAS MODERN FRONT, DILAPIDATED OPERATION

(This is an exclusive three-part series on FHA problems in general and Texas and New Mexico in particular.—The Editor.)

(By Seth Kantor)

WASHINGTON, May 16.—The Federal Housing Administration puts up a modern front and behind it is a dilapidated collection of 19th Century operating procedures.

Robert N. Jones, the FHA's deputy assistant commissioner for multifamily housing, puts it this way:

"We have a system which takes us 12 months to process a case. It takes us three months just to say 'no' to somebody. We desperately need a system to reduce losses—to avoid the large claims we've experienced in the past couple of years."

The case of Campus Associates of San Bernardino, Calif., thrown out this year as operators of the high-rise Birkley apartments in downtown Fort Worth, is a classic example of the bureaucratic gumbo that the FHA walks around in.

Nov. 5, 1965, the FHA "sold" the 233-unit building to Campus Associates for $750,000. The property had been worth $2 million.

Under terms of the deal, Campus Associates put up $22,500, signed a note for $727,500 and was allowed to wait nine months to make its tax payment on the Birkley.

As it turned out, Campus Associates never made a payment and the FHA foreclosed this year, buying the property back from itself for $675,000.

How did the California group, a holding organization formed in 1965 for Campus Crusaders for Christ, happen to get the Fort Worth property?

"I steered them to it," J. Guy Arrington, an FHA official, said yesterday. In 1965 he was head of the FHA's property disposition committee. "We usually always sell properties on a competitive basis, but we can negotiate with non-profit organizations."

Arrington says he is "fuzzy" about the details, but Campus Associates "came to us," looking for a deal. "There was a soft market in Fort Worth. There was a surplus of properties in the area. We felt we could take the Birkley off the market."

Made up of seven top FHA officials, the property disposition commitee approved Campus Associates without taking another bid because the religious group "held properties in other states and other nations," said Arrington, adding:

"We had never heard of them before, so I guess they were more thoroughly checked out than any other organization we ever dealt with."

But when one asks questions about what states and what countries have successful properties held by Campus Associates, Arrington shrugs.

"Once the property disposition committee made its decision," he said, "the Campus Associates file moved on to the multifamily division. We don't have access to that file any more."

But the multifamily people at FHA can't tell you anything about Campus Associates because once foreclosure proceedings were begun, the file moved on to the legal department. The legal department refers you to the Justice Department.

The FHA doesn't even have so much as an index card to show other Campus Associates properties. Things can only be looked up by case number. Never by name.

It is common information at FHA—that Campus Associates got hold of the Birkley in Fort Worth because it had a couple of successful projects in Arizona.

But records show that the California organization took over the Arizona properties—the 183-unit Sierra Catalina Vista and the 124-unit Imperial Gardens, both in Tucson—in September, 1965, only two months before it took over the Birkley there was no record of successful management in Tucson.

Records further show that Campus Associates couldn't make a go of it in Tucson, either, losing money there, the group unloaded the two apartment houses last fall, selling them to Turtle Creek properties of Tucson, Inc., which operates out of Indianapolis. Both properties are thriving now.

Earlier this year the Justice Department said it would sue Campus Associates in Texas. Then the suit was withdrawn because the organization was not incorporated in Texas.

But federal lawyers have had third thoughts. The attorney general's office said yesterday the U.S. will file suit against Campus Associates after all, for money owed and damages.—Seth Kantor.

[From the Albuquerque Tribune, May 17, 1967]

THE FHA EXPERIENCE WITH PARK PLAZA IN ALBUQUERQUE

(EDITOR'S NOTE.—Seth Kantor, Tribune Washington Correspondent, has made a study of FHA activities in the apartment house field. Today's story is the second on a three-part series. Yesterday's story dealt with the experiences of FHA in handling an apartment house project in Fort Worth. Today's discusses an Albuerque project.)

(By Seth Kantor)

WASHINGTON, May 17.—The way has been cleared by the Federal Housing Administration for M. M. Hardin of Albuquerque temporarily to keep operating his high-rise apartment house—even though foreclosure proceedings have been begun against him for failure to pay his creditors.

Hardin built the 151-unit Park Plaza Apartments near Downtown Albuquerque in 1963, along with a pair of bigtime El Paso builders, Charles H. Leavell and Dan Ponder.

FHA INSURED

The El Pasoans owned 55 per cent of the new landmark on the New Mexico skyline. The New Mexico State Investment Council loaned the trio $2.8 million to put up the building and the FHA insured the deal.

Subsequently, Ponder died. Hardin later became full owner of the Park Plaza.

By Feb. 24, 1967, Hardin's mortgage was declared in default by the State Investment Council. He still owed the state agency $2.8 million. He had paid $14,747 on the principal.

GRANTED DEFERRALS

Hardin had been granted 18 months of deferrals, amounting to $53,000, on interest payments.

Without checking with the State Investment Council Hardin had transferred ownership of the Park Plaza last Dec. 22 from himself as an individual to himself as a corporation, and was applying for another six-month deferral in interest payments. That automatically caused the default, the investment council ruled.

In a private letter to State Instrument Officer Robert G. Mead on May 4, the FHA said it is treating the date of Hardin's default as last Sept. 1, which was more than two-and-a-half months before Hardin's "automatic default."

Private negotiations are under way now by the FHA and the investment council to settle the FHA's pay-off in debentures to the state agency, in exchange for the mortgage.

The investment council now can transfer the Park Plaza deed to the FHA, in lieu of foreclosure, and Hardin could be designated by the FHA as operator of the apartment house, with the FHA serving as lender.

NO PERSONAL LOSS

Under that arrangement, Hardin wouldn't lose any of the money he has invested.

So far, the FHA here reports that "there has been nothing irregular" in Hardin's conduct of Park Plaza financial affairs. But the Justice Department is expected to move in to investigate, when and if foreclosure action becomes final, "in order to protect the government's interests."

Ordinarily, there is no federal agency in Washington more aloof from the government than the FHA—when it wants to be.

OWN RESERVE FUND

Salaries and operating expenses of the FHA, a division of the Department of Housing and Urban Development (HUD) come from the FHA's own pool of reserve money.

The reserve now totals about $1.1 billion, according to an FHA spokesman, and it initially comes from the half-per cent interest rate charged to millions of FHA-insured individuals and groups in the nation. The reserve is invested in government bonds.

When losses are sustained by the FHA—such as when mismanagement causes a foreclosure—the money comes from the reserve pool and is not paid for out of the federal budget.

TRANSACTIONS PRIVATE

FHA officials tell you that with privately gathered funds to operate on, the agency doesn't have to make public its transactions with clients.

But the FHA invokes Title 18, Sec. 1905 of the U.S. Code, which forbids release of information that could adversely affect a person or corporation doing business with a federal agency.

The FHA denies that politics ever plays a part in its decisions.

[From the Fort Worth Press, May 18, 1967]

FHA IMPROVES PLAN FOR ELDERLY HOUSING

(By Seth Kantor)

WASHINGTON.—When an employee of the Federal Housing Admn. commits a blunder, the running gag inside the agency is that the offender will be banished to "Title Seven."

Title Seven of the federal act setting up the FHA 33 years ago calls for establishment of investment yield insurance—and is so complicated that it hasn't been brought into existence even yet.

It typifies the pace at FHA, where an intensive, internal study has been under way—a "critical review," they call it—for the past three years on the FHA's housing for the elderly program.

What's been learned so far?

As one FHA expert answered it:

"Rents have been too high in this program because building costs are high. The risks of the program are high because the average age of the renter is 72.

"When you get into a market study of the elderly, you find they buy one pork chop instead of five. We have learned a lot."

They have done that in just three years.

But, through trial and error in the field, the FHA has been developing a far more substantial program for the elderly than it had five years ago when Christian Homes Inc., was put up on the edge of Fort Worth.

The 343-unit, $3.4-million Christian Homes spread was the "most spectacular of all flops" in the housing for the elderly program, an FHA official shuddered. "We use it as our prime example of failure.

"We were misled at Fort Worth. We didn't check out enough of the facts. It was typical of our attempts to service the elderly market in an all-too-optimistic manner."

Another $3.4 million housing for the elderly project on the edge of Fort Worth, St. Francis Village, has become controversial now, behind scenes at the FHA.

The Third Order of St. Francis, sponsor of the project, hasn't made a payment on the principal yet. Some interest payments have been made. The project was opened in 1965.

Two months ago, regional FHA director Adrian Henderson denied one public report that St. Francis Village was facing foreclosure procedures.

"They're doing marvelously out there," Henderson insisted to a newspaper reporter, about the progress at St. Francis. But at FHA headquarters here, Henderson encountered stone faces.

Privately, April 27, a toughly worded letter was sent to Henderson from headquarters, setting up May 10 as the absolute deadline for a final "firm, acceptable proposal" for the Third Order of St. Francis to run its project in a business-like way or get out.

May 10 came and went, of course.

Henderson scheduled yesterday, a week after the dire deadline, for the showdown. That was all right with FHA officials here. They are not exactly in a hurry to come to grips with mistakes.

One of the most classic sleepy-time approaches to business by the FHA occurred during the Kennedy administration at old Cape Canaveral, Fla.

It was a military-impacted area. Servicemen came and went. FHA analysts couldn't bring themselves to approve a request for a 1000-unit project.

Finally, when the space launching site was clearly, visibly booming, the experts saw the need. They okayed the project. But by then private builders were jumping into the same market with 5000 units.

As a result, everybody lost. But that's not a new story with the FHA.

LAKE ERIE CANAL

Mr. SCOTT. Mr. President, the administration has included in its fiscal year 1968 budget request an item of $2 million for the Lake Erie-Ohio River Canal. In order for this canal to ever be