

Nixon to Review Loans to Co-ops

By Drew Pearson
and Jack Anderson

One policy the Nixon Administration is sure to review — and probably end — is the 30-year-old practice of loaning Federal money to rural electric co-ops at 2 per cent interest, only to have them turn around and use the money to supply power to private industry, not farm electrification. In some cases, they have even taken 2 per cent Government funds and reloaned them at commercial bank rates of six and seven per cent.

The Rural Electrification Administration was set up during the days of the New Deal to spur electrification on the farms where it was then badly needed. In the three decades that have passed, the farms have become pretty well electrified, and the REA co-ops have branched out into high-powered advertising, high-powered lobbying and supplying power to industry, not the farmers.

A case in point recently caused Sen. Allen Ellender (D-La.) to get on the telephone from Hong Kong, where he is on an "inspection" trip, to try to stop an REA government loan to supply power to Dow Chemical.

Dow, one of the biggest chemical firms in the country, is by no stretch of the imagi-

nation a farm institution. Yet the Louisiana Electric Cooperative, part of the REA system, has been granted a loan of \$56,521,000 to build generating and transmission facilities to supply power to Dow Chemical in Louisiana and the Lafayette and Plaquemine Parishes of Louisiana.

Reason Sen. Ellender got on the telephone all the way from Hong Kong was not only because the proposed power facilities are in his home state, but because he is Chairman of the Senate Agriculture Committee that rides herd on REA, a part of the Agriculture Department.

Unseemly Haste

Secretary of Agriculture Orville Freeman, technically boss of the REA, is known to feel that the REA co-ops have been going too far recently in supplying power to private industry rather than farmers. The current \$56,521,000 loan to the Louisiana co-op was originally authorized back in September 1964 as a political favor to Congressman Jimmy Morrison of Louisiana, then facing a tough re-election battle. Expenditure of the funds is now being contested in a court suit brought by local private utilities to block execution of the loan.

U.S. District Judge Ben C. Dawkins Jr. has issued a temporary restraining order against proceeding with the project, and has instructed

both sides not to release any funds until he rules, Jan. 3, on a permanent injunction.

Meanwhile, Norman Clapp, REA administrator, went to the Treasury on Dec. 23 and had a check drawn for \$225,000.

His move is part of the hell-bent desire of the Johnson Administration to get the Louisiana project launched before it can be reversed by the Nixon Administration after Jan. 20.

Perpetual Hoover

Inside fact is that the appointment of J. Edgar Hoover to continue as boss of the FBI was announced two weeks early. Originally, it had been scheduled for announcement on Jan. 1, Hoover's 74th birthday.

But Nixon jumped the gun at Hoover's request because of a True magazine cover article under the caption "Last Days of J. Edgar Hoover." The article, written by the authors of this column, paid tribute to Hoover's efficiency but also described his high-handed methods.

The article mentioned, though, perhaps did not sufficiently emphasize Hoover's expertise as a public relations man.

When the Justice Department acknowledged to the Supreme Court that the FBI had been tapping telephone wires for years, Hoover counter-

acted by breaking three spy cases in the same week.

The sudden splurge of spy news, however, completely overshadowed any tarnish from the wiretrap scandal.

Likewise, the recent announcement of his reappointment has produced a spate of favorable editorials calculated to wash away any unpleasant effects from True magazine.

His power is such that Presidents who would have liked to replace him have always reconsidered. The late President Kennedy was in such a hurry to reappoint Hoover that the announcement was made before the last votes had been counted in the 1960 election.

Kennedy's awe of Hoover, however, had diminished by 1963. As Hoover approached the 70-year retirement age, White House aides pointed out to Kennedy that tremendous pressure would be exerted to keep Hoover on the job but that it would take a presidential proclamation to waive the statutory retirement age. Aides still recall Kennedy's tart, taut reply:

"We are not going to have such a proclamation."

But a new man was in the White House when Hoover passed the 70-year mark on Jan. 1, 1964. The mandatory retirement was waived by Mr. Johnson. Now President-elect Nixon has promised to extend the waiver.

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