Nevertheless, the EDA saw fit to finance an insulation board plant not yet in production at Blountstown, Fla.

Now, on the heels of that, EDA has recently announced a $6.8 million loan to finance another company in this industry, where many are going out of business. The loan is to the Industrial Development Corp. of Cordova, Ala., to build a plant which they will then lease to Southern Fiber, Inc., which will produce 95 million feet annually of half-inch fiberboard and roof insulation.

Now, Mr. Chairman, this, to me, is the clear-cut violation of section 702 alluded to by the gentleman from New Hampshire. And just for the record, I will read section 702:

> No financial assistance under this Act shall be extended to any project when the result will be to increase the production of goods, materials and commodities, or the availability of services or facilities, when there is not sufficient demand for such goods, materials, commodities, services or facilities to employ the efficient capacity of existing competitive commercial or industrial enterprises.

Now, you have financed a study by Economic Associates, Inc., to clarify this point. And in their report to you they said that the term "existing competitive enterprises" may be understood and defined by one of the coauthors of section 702; namely, myself, as "an established company in the same line of business and in the same market area."

Now, this is actually a nationwide market; but even if you want to quarrel on that point, most of the plants I have mentioned are in the Southeast United States.

Now, I happen to have new information indicating, on the heels of the closing of these plants that were cited by the Insulation Board Institute, that another company is considering selling its facilities because there is just no money in this business. There is no money in it. They are thinking of selling it.

Now, what you are doing is just driving people out of business. I do not understand how this can happen. The industry figures are available but the Insulation Board Institute was not even consulted on these loans at Blountstown and Cordova. Now, the result is going to be that you are going to be losing jobs in other places in the Southeast, where these people are going to go out of business. And what they are doing now is to try and get out of this business anyway, and convert the machines to making something else.

If they cannot do that, and apparently some of them feel they cannot—at least one—they are thinking of selling the plant.

Mr. CLEVELAND. Would the gentleman yield?

Mr. McCARTHY. This loan that you are going to make, making, over $6 million to these people, how are they going to sell the product if nobody else in the business now can sell it?

Mr. CLEVELAND. Would the gentleman from New York yield back to me? I yielded to him.

Mr. McCARTHY. Yes.

Mr. CLEVELAND. Mr. Chairman, I move that the staff——

Mr. CRAMER. Before the gentleman moves, would you yield?

Mr. CLEVELAND. I yield.

Mr. SNYDER. I would like to ask one question also.

Mr. CRAMER. Very briefly, I am very concerned, and others have expressed their concern, about the administration of this program under section 702, which provides: No financial assistance under this