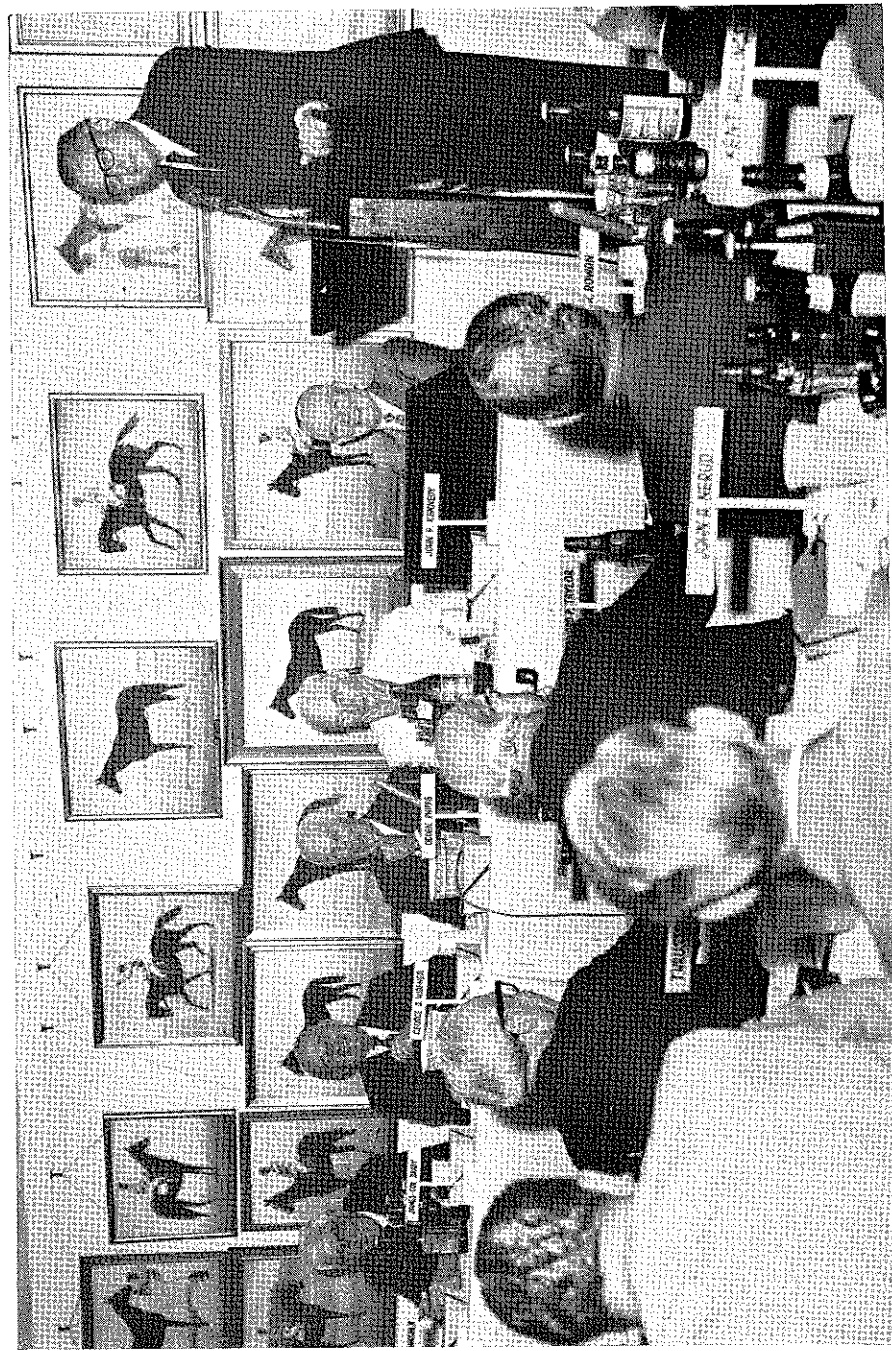


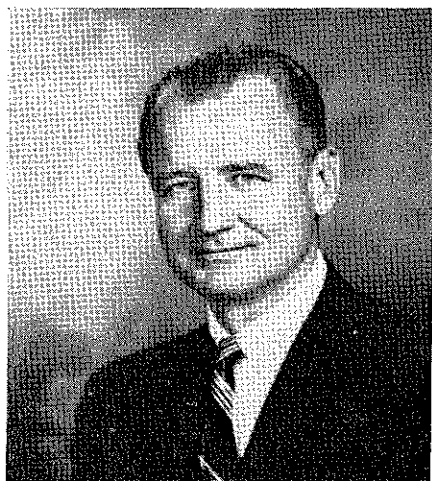




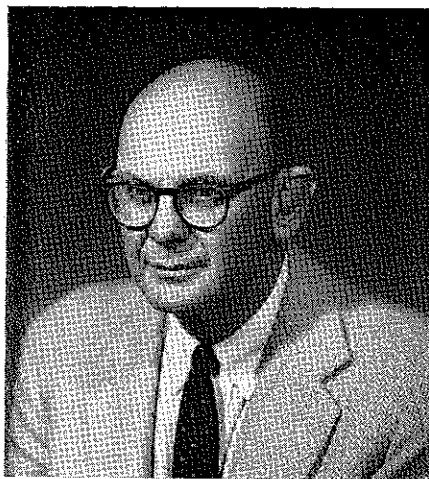
A general view of the Conference in session.



*Senator George A. Smathers addressing the Conference.
L to R on the dais: Louis Lee Haggin II, James Cox Brady, George D. Widener, Ogden Phipps and John F. Kennedy*



*Senator George A. Smathers
Principal Speaker*



*A. B. Hancock, Jr.
Moderator of Breeders Panel*



*Frank E. Kilroe
Moderator of Panel on Purse
Structure*

SEVENTEENTH ANNUAL ROUND TABLE DISCUSSION
ON
MATTERS PERTAINING TO RACING
HELD BY
THE JOCKEY CLUB
IN THE
NATIONAL MUSEUM OF RACING
SARATOGA SPRINGS, NEW YORK
SUNDAY, AUGUST 10, 1969

PARTICIPANTS:

Moderator — John F. Kennedy, Executive Secretary of The Jockey Club

Edwin D. Axton, Secretary, Kentucky Racing Commission

Phillip J. Baker, General Manager, Continental Thoroughbred Racing Association

Frank M. Basil, President, The New York Racing Association

James E. Bassett III, Assistant to the President, Keeneland Association, Inc.

John A. Bell III, Member of the Kentucky State Racing Commission

William Boland, President, Jockeys' Guild, Inc.

*James Cox Brady, Vice Chairman of The Jockey Club; Chairman of the Board of Trustees of The New York Racing Association

John L. Brennan, President, Harness Tracks Security, Inc.

J. Newton Brewer, Jr., First Vice President, The National Association of State Racing Commissioners

*Baird C. Brittingham, President, Delaware Racing Association

J. Elliott Burch, Trainer

Joseph F. Carlino, Attorney and former Speaker of the New York State Assembly

John S. Clark, Counsel, New York State Racing Commission

Albert G. Clay, Secretary, American Horse Council, Inc.

*Leslie Combs II, Breeder, Owner

John I. Day, Director of Service Bureau, Thoroughbred Racing Associations

Thomas J. Deegan, Jr., Chairman of the Board, Thomas J. Deegan Company, Inc.

*Vincent de Roulet, Breeder, Owner

L. P. Doherty, President, Grayson Foundation

Walter H. Donovan, Chairman, Racing Research Fund, Inc., Vice President Garden State Park and Hialeah Race Course

Spencer J. Drayton, President, Thoroughbred Racing Protective Bureau; Executive Vice President, Thoroughbred Racing Associations

Francis P. Dunne, Steward

Henry Durham, Assistant General Counsel and Executive Director, American Horse Council, Inc.

William S. Evans, President, Thoroughbred Club of America; Director of Sales, Keeneland Sales

Humphrey S. Finney, Chairman, Fasig-Tipton Company, Inc.
John M. S. Finney, President, Fasig-Tipton Company, Inc.
D. O. Forrest, Supervisor of Administration, Ontario Racing Commission
George J. Fritz, Secretary, The New York Racing Association
John R. Gaines, Breeder, Owner
*Daniel M. Galbreath, Breeder, Owner
*John W. Galbreath, Trustee, The New York Racing Association
Dr. Manuel A. Gilman, Chief Examining Veterinarian, The New York Racing Association
Joseph A. Gimma, Chairman, New York State Racing Commission
M. Faulconer Glass, Director of Public Relations, Thoroughbred Breeders of Kentucky, Inc.
Robert L. Green, General Manager, Greentree Stud
Fred W. Grossman, Assistant to the Editor, The Morning Telegraph
*Winston F. C. Guest, Breeder, Owner
Loyd Hackler, Public Relations
*Louis Lee Haggin II, Secretary-Treasurer and Steward of The Jockey Club
*A. B. Hancock, Jr., Breeder, Owner
*John W. Hanes, Steward of The Jockey Club; Trustee, The New York Racing Association
Charles Hatton, Columnist, The Morning Telegraph
Kent Hollingsworth, President, National Turf Writers Association; Editor, The Blood-Horse
Hirsch Jacobs, Trainer
*Walter M. Jeffords, Jr., Breeder, Owner
Nick Jemas, National Managing Director, Jockeys' Guild, Inc.
Frank Jennings, Secretary-Treasurer, Record Publishing Company, Inc.
H. A. Jones, Director of Racing, Monmouth Park
Robert F. Kelley, Public Relations; Vice President, National Museum of Racing
John H. Kenney, Assistant General Manager, The Jockey Club Ltd., Ontario
Frank E. Kilroe, Vice President-Racing, Los Angeles Turf Club, Inc.
Haden Kirkpatrick, Chairman of the Board, Record Publishing Company, Inc.
*John S. Knight, Breeder, Owner
Colonel F. W. Koester, Consultant to the Board, California Thoroughbred Breeders Association
Mervyn LeRoy, President, Hollywood Turf Club
Patrick W. Lynch, Vice President, Public and Press Relations, The New York Racing Association
Landon C. Manning, Sports Editor, The Saratogian
Walter J. Mara, Steward
*Charles E. Mather II, Breeder, Owner
Brigadier C. S. McKee, Vice Chairman, Ontario Racing Commission
Donald M. McKellar, Breeder, Owner
Harry J. Millar, Secretary, New York State Racing Commission
*James P. Mills, Breeder, Owner
Gayle Mohny, Attorney
*John A. Morris, Trustee, The New York Racing Association
Thruston B. Morton, President, American Horse Council
John A. Nerud, Trainer
Patrick W. O'Brien, Vice President, Racing Operations, The New York Racing Association

Dr. Joseph O'Dea, President-elect, American Association of Equine Practitioners
Leo G. O'Donnell, Steward
Joseph M. O'Farrell, Vice President and General Manager, Ocala Stud
Jerome V. O'Grady, Assistant to the President, Pinkerton's, Inc.
*W. Haggin Perry, Steward of The Jockey Club
Harry Peterson, Secretary, Association of Official Racing Chemists
William L. Pfeiffer, Member of The New York State Racing Commission
*Ogden Phipps, Chairman of The Jockey Club; Trustee, The New York Racing Association
*Ogden Mills Phipps, Breeder, Owner
Joseph P. Pons, Breeder, Country Life Farm
George T. Poole, President, American Trainers Association
Earl S. Potter, Steward
Jack Price, Breeder, Owner, Trainer
Calvin S. Rainey, Assistant Secretary of The Jockey Club; Steward
Frank C. Rand, Jr., Breeder, Owner; President, Turf and Field Club
Dr. William O. Reed, Veterinarian
Alex M. Robb, New York State Thoroughbred Breeders Service Bureau
William Robertson, President, Record Publishing Company, Inc.; Editor, Thoroughbred Record
*Joseph M. Roebing, Steward of The Jockey Club
Saul D. Rosen, Editor, The Morning Telegraph
*Louis R. Rowan, Breeder, Owner
*E. Barry Ryan, Breeder, Owner
Walter J. Salmon, Jr., Breeder, Owner
John D. Schapiro, President, Thoroughbred Racing Associations; President, Laurel Race Course
*Reeve Schley, Jr., Breeder, Owner
George A. Smathers, General Counsel, American Horse Council, Inc.
C. G. Smith, Racing Director, American Quarter Horse Association
*Gerard S. Smith, Steward of The Jockey Club; Trustee, The New York Racing Association
Harold Snowden, Manager, The Stallion Station
James D. Stewart, Executive Vice President and General Manager, Hollywood Turf Club
Brian Sweeney, Administrative Manager, California Thoroughbred Breeders Association
*E. P. Taylor, Chairman of the Board, The Jockey Club Limited, Ontario
Whitney Tower, Turf Editor, Sports Illustrated
Thomas E. Trotter, Racing Secretary, The New York Racing Association
*Daniel G. Van Clief, Breeder, Owner
*Reginald N. Webster, President, Thoroughbred Owners and Breeders Association
David A. Werblin, Breeder, Owner; Secretary, Monmouth Park
Clifford W. Wickham, Thoroughbred Racing Protective Bureau
*George D. Widener, Honorary Chairman of The Jockey Club and The New York Racing Association

GUESTS:

William T. Brady, Breeder, Owner
Thomas J. Deegan III, Public Relations
Harry A. Love, Breeder, Owner
Dr. F. A. O'Keefe, Breeder, Owner
*Member of The Jockey Club

I N D E X

	Page
Welcome to Participants and Guests	7
Ogden Phipps, Chairman of The Jockey Club	
Breeders Panel	7
A. B. Hancock, Jr., Moderator, Member of The Jockey Club; Owner; Breeder	
Panel on Purse Structure	16
Frank E. Kilroe, Moderator, Vice President-Racing, Los Angeles Turf Club, Inc.	
Address	24
The Honorable George A. Smathers General Counsel, American Horse Council, Inc.	

MR. PHIPPS: Will the meeting please come to order. I wish to welcome all of you to our seventeenth annual Round Table Conference. This is a large and very representative group which is assembled here this morning. There is great interest in these discussions and perhaps it may be necessary to look for more spacious quarters to accommodate all who wish to attend.

We have what we believe to be an interesting program today and I will ask Jack Kennedy to start the proceedings.

MR. KENNEDY: Good morning. At our 1968 Conference we had a panel of Thoroughbred breeders chaired by Mr. A. B. Hancock, Jr. of Kentucky. It was very successful, so we have asked him if he would run it back this year. Last year we were taken from the preparation of the mare to the breeding shed and just about up to weaning. I think today that they will go on from there with any ramifications which they wish to disclose or discuss. Mr. Hancock will be in the chair. We have Mr. Joe Pons of Maryland, Bob Green of Kentucky, Joe O'Farrell of Florida and Colonel Bill Koester, retired Secretary of the California Thoroughbred Breeders Association.

MR. HANCOCK: Thank you, Jack. Last year it seems to me we had talked about the different ways of weaning and we had just begun to touch on something that has been observed in France and England whereby instead of weaning a group like we did, putting the foals in a van and taking them to another barn, all they did was just lead one mare out of the pasture at a time, leaving the foal in there with his buddies and the other mares. It scared me pretty badly and I never have tried it. Has anyone here tried it?

MR. O'FARRELL: Well, Bull, after the discussion here last year I went home and decided I was going to try it. I had about 100 mares, all of them with different age foals. I started the procedure, did it exactly like it had been discussed at the meeting last year, and I want to report it worked out very successfully. I had no problem at all with about 100 weaned that way. While the mares and foals are all together out in the field I have never seen a foal go up to the wrong mare after his dam has been taken away from him. So this eliminates the problem of having him kicked by some other mare. That was the problem that I thought we were going to run into. But actually it doesn't seem to be that they do this at all. They play around with their buddies. Of course as you know, by that time of the year after they are five or five and one-half months old, going on toward six, they are not inclined to stay too close to the dam anyhow. They go out and play around as if they were just kids playing in a schoolyard. The only problem that I ran into at all is when you bring them in in the evening to feed them before turning them back out for the night, or in the morning as well, the foal is very lonesome in the stall by himself. But immediately when he is turned out he plays with the other young foals and there is no problem at all. One thing I found, I didn't have any of the snots and snuffles you have normally with young foals when you are trying to wean them. When they do get turned out they run and get themselves hot and end up taking cold and having a lot of problems of that kind. I had none of that because these foals would not do this. They just went on as if their mother had never been removed. So I can recommend it very highly.

MR. HANCOCK: Anybody else? Well, I guess you're going back down to Ocala now and you are going to wean all of yours that way this year.

MR. O'FARRELL: I weaned them all last year that way.

MR. HANCOCK: Well, that's a new idea. Is there anything you want to say, Bob?

MR. GREEN: I was just thinking of one thing. I know some of the foals once

in a great while will try to nurse another mare when his dam is in the field. He might want to go to one of the others when you take her out of there.

MR. O'FARRELL: The first time the mare kicks at him I'm sure he's going to stay away from her.

MR. HANCOCK: The first time could be the last time, though.

MR. O'FARRELL: It might be, but I honestly did not have that problem.

MR. HANCOCK: Well, we've got them through weaning now. What do you do, Bob, with your weanlings after you've got them in the barn by themselves?

MR. GREEN: We leave them in there two nights and leave them out the second morning and they just run like hell. The first problem we have is that the foals will circle the field just about as fast as they can. Say you've got 16 weanlings in one barn, if you turn out four at a time, you turn out the first four and when you go back for the second four, the first bunch is circling and coming right back at you. You've got to be careful because you'll break some necks if you don't watch out. The water tanks are a problem too. Some of the foals might go in those. We haven't had any, but the water tanks are there.

Generally, their first morning, if they settle down just a little bit, we are able to shake the stalls and then catch them and put them back in. Then we gradually build that up each day. We never turn the weanlings out at nighttime, from the time they are weanlings until they are May yearlings.

MR. HANCOCK: I think everybody leaves them up in our part of the country, but in your part of the country, Joe, you can leave them out at night.

MR. O'FARRELL: We leave them out until the first cold weather which is usually about the first of December.

MR. HANCOCK: We used to always leave the foals up for a couple of days after we weaned, played with them, gentled them, and one thing and another, but now when we wean, there are 160 weanlings there, I just get every man on the farm and turn out a whole side at once. Every foal goes in the field, a man holds him, and we turn them loose all together which eliminates that danger of their coming back and breaking each other's neck running head-on into each other. Then just as soon as we get the stalls shaken, and hay and a little water put in, we get about 50 men and go out there and try to catch them. Looks like we need a net sometimes.

MR. GREEN: It seems to me weanlings are a lot easier to handle now than they used to be. I think it is because they are handled more. I know when I used to work out at Mr. Hal Price Headley's at Beaumont we didn't handle them too much and boy, it was like catching a wildcat. But at Greentree, from the time they are six or seven days old, we start picking up their feet in the stalls, we pick them up every day and pick the foot out from that time until they leave the farm.

MR. HANCOCK: When you've got your foals with the mares, do you lead the foals?

MR. GREEN: We put a shank on the mare and we've got a halter on the foal from the time he is just a few days old and we lead the foal with the right hand and the mare with the left with the shank on the mare. No shank is on the foal as long as he is at the mare's side.

MR. HANCOCK: I tried that a couple of years ago and I had one foal go over backwards and kill himself. What I try to do now is about the 1st or 15th of June the boys are supposed to gentle the foals, rub them up between the ears and one thing and another. Then we take the mare and the foal out of the stall, put a pretty good man on the foal who leads him around the barn, making three trips around the barn following its mother. We do that for two or three days and then we leave the mare in the stall and lead the foal by himself. I found that's the biggest help

I've ever had towards gentling them and having them on their own when they wean.

When you wean, Joe, I guess you do the same thing as we all do.

MR. O'FARRELL: We handle them a lot. I agree with Bob, it seems to be a lot better to handle them. One thing I always run into when I wean that way, you'll have four or five in a field that sure as the devil don't want to be caught. As you say, you have to have nets to catch them. Finally you get them caught and then you try to gentle them again before turning them out and its always a problem. At least a lot of mine have been.

MR. HANCOCK: With me, I find that if I get two of those in a field it's worse than if there were four or five. If you get two outlaws together than you better separate them.

MR. O'FARRELL: They take off and the others take off after them and you've got everybody running.

MR. HANCOCK: Some are perfectly content to stay out there all the time, but I've had the devil of a time, sometimes.

MR. GREEN: What do you do if they go to walk in the stall or run in the stall, which a few of them always do. Do you give them any tranquilizers, or just leave them alone, or open up peepholes?

MR. HANCOCK: I've done everything I guess that there is. I found some things work some times and some work another. A mirror seems to do the best job of any of them.

MR. O'FARRELL: They look at themselves. A number of years I've tried giving them Sparine, the type that you feed, and I've put it in their feed four or five days before weaning and this seems to help a lot. It settles them down, they're kind of draggy and they don't do all that running. That seems to me about as practical a way to stop them from running and carrying on as anything else. And it has no after-effects at all as far as I can see.

MR. HANCOCK: I'm sure it doesn't, but I've heard that Sparine will have an opposite effect on some of them.

COLONEL KOESTER: Bull, I have found that from both my experience and observation your personnel can be utilized to very good advantage in gentling them right at the time that you wean and when you turn them out. Hand-feeding pays off very well there. Turning them out in small groups with plenty of personnel at critical areas in a paddock adjacent to the stable, then taking them out into pastures using some very docile, old, preferably decrepit bell mares that will not run works out very well. Or you may take one or two old mares, lead them out and let these weanlings follow them.

MR. HANCOCK: That's interesting, Colonel. I used to do that when I first weaned. We would turn all of them into a paddock that we have around the barns for the first couple of days and then after that turn them into a big field and I found I had to break them twice.

COLONEL KOESTER: Is that right!

MR. HANCOCK: What is the procedure, Joe, when you have weaned, when do you start your feeding. Do you start in on a three-a-day feed or two-a-day feed?

MR. PONS: Two-a-day. We've had more luck in just turning them out in small paddocks around the barn for, say two weeks before you put them out in a big band. We have four or five small paddocks near the barn where we wean, and we break them up into groups.

MR. HANCOCK: That's funny. When I did that, by golly, when they got to the field they were broken up in groups, and you'd catch one group and then have to catch another, and we always had trouble.

MR. PONS: It seemed to work out all right for us.

MR. HANCOCK: Do you feed twice-a-day or three right off the bat, Bob?

MR. GREEN: We feed twice-a-day.

MR. O'FARRELL: We feed twice.

MR. GREEN: We cut down on the mare's feed just a few days before weaning, and try to dry her up a little bit.

MR. HANCOCK: We found after we weaned, we'd turn the mares out and milk them that afternoon and I would say 50% of my mares on the second day are dry.

MR. O'FARRELL: I think though when the mares get to run a little bit as they always do, or walk along a fence, they squirt the milk out anyhow and half-milk themselves. In a couple of days they dry out.

MR. HANCOCK: I had one man who was an awful good farmer. I gave him a barn of mares and told him in the morning to milk the mares after we weaned. I didn't pay too much attention to him and I went by to see if the mares were all milked out in the evening and you know, it was the day before Christmas, I think, I was back there and that man was still milking those mares.

(Laughter)

The two-a-day feeding seems to be the usual thing. I don't know why, but I always felt that if I am going to start a schedule I would like to start it as quick as I can, so we start giving them a morning feed and afternoon feed and then put a little in there at night just as soon as we can. I don't let a nightwatchman go in the stalls by himself the first few nights because I'm afraid he might get run over if a horse gets loose, but after they get quiet enough we go ahead and start on a three-a-day feeding.

Colonel, I guess out in your country they can leave out at night too for quite a while, can't they?

COLONEL KOESTER: That's right.

MR. HANCOCK: With us, Bob and me, I'm sure we turn ours out and take them up in the afternoon until the following May when the weather gets warm. Down at Ocala you turn out and leave out?

MR. O'FARRELL: We get them in in the morning about six or seven, feed them, work on their feet and do everything else we should do; then we turn them out and get them back in and right after lunch from about one to three, turn them back out and they're out until the next morning at six until the first frost.

MR. HANCOCK: After they've gotten straightened away at the first frost then you turn them out in the daytime and how long does that last?

MR. O'FARRELL: From about the first of December until about the first of May we would keep them in at night and just have them out all day.

MR. HANCOCK: And then you reverse it.

MR. O'FARRELL: Right.

MR. HANCOCK: Is that the same in California, Colonel?

COLONEL KOESTER: Most of our young stock stays out day and night. They're taken up some, but by and large they are out of doors most all the time.

MR. HANCOCK: 24 hours a day.

MR. GREEN: What do you all do, feed in creeps out there?

MR. O'FARRELL: That creep business I think is something we should all discuss because frankly I have never been at all successful with it and believe in bringing them in and feeding them individually rather than having them out, playing around and fighting to get into the feed, and all the other things that go with feeding outside. Around our country a lot of people just hang tubs on the fences, but frankly I don't like it worth a darn because I am sure that you always have a certain percentage of horses that are going to fight to get more than they should have and some others will be a little docile and won't get enough to eat. So personally I

have never found any way you could do it other than bring them in and feed them.

MR. HANCOCK: I always thought the first thing you looked at was the feed tub. That's the first indication if a horse is going off or not. I want my horses all to be fed individually, and we bring them in to feed, except the weanlings. Before they are weaned I feed some in the fields in a creep fixed so that the mares can't get in and the foals can. They probably get a third of their ration out there that way. But we tie the mare up and feed the foal in the barn too so that we know what he is doing.

Do you break yearlings on your farm, John?

MR. PONS: We have, but we are not doing it now.

MR. HANCOCK: Do you break yours, Bob?

MR. GREEN: No, John Ward always breaks them at Keeneland.

MR. HANCOCK: When do you send them over to John?

MR. GREEN: Greentree has always broken yearlings starting on about the 1st of July. The last couple of years we have held some of the later foals back until mid-August, but we sent 15 out to John the 1st day of July this year.

MR. HANCOCK: How about you, Joe?

MR. O'FARRELL: We start the first of August, Bull, and I follow the normal procedure, I think, that everybody practically uses of working in the stall with them four or five days and then working under the shedrow another four or five days, or a week, before going to the race track. First I've been using a small race track that's rather narrow. In the beginning of the training it seems to hold them together closer and they seem to go better on a narrow race track than they do on a large one. They don't have near the room to turn around in. After about a month on the small track we move on over to the big track, but I find they're well broken, by that time.

MR. HANCOCK: Do you turn out while you're breaking?

MR. O'FARRELL: Yes. We turn out in the afternoon as soon as we are finished doing the horses up after the morning sessions, and we'll feed them for lunch and turn them out right after lunch.

MR. GREEN: Do you turn the colts out in a group?

MR. O'FARRELL: We turn them all out together. Frankly, that's something again that all of us can have problems with. I know a lot of people turn them out in individual paddocks but frankly I think they are competitive animals and when they are out together they seem to be more competitive than they would be if you put them in individual paddocks where they'd more or less have an inclination to be loners than a tough, hard-boiled bunch of yearlings. So we still turn them out and take the chance, until about the 1st of September when we start seriously working in the training procedure and then from that day on we don't turn them out. Of course I have to have them ready to sell in January, so this would make a difference.

MR. HANCOCK: We try to turn ours out when we go to break them two by two. And we'll turn out all night at this time of the year. They come in in the morning and are ridden and are kept up until about three o'clock. They are worked on and then are turned back out. The fillies of course go together. They're a little tired when you're riding them and that's a help. Then as we go along we try to make the transition. Most of my yearlings go to the training barn about the first of December and during the month of October they are out in the day, they probably get out about 11 o'clock and most of them stay until 4. In November we'll bring them in about 2 and then late November they'll maybe stay out a half hour, just to try to make the transition from the farm to training as gradual as possible. I guess nobody has any tricks about breaking. If they have I'd like to know something about it.

One of the things we might take up, all of us have got one job, and that is to try to get every mare on the farm in foal. We have got four months to do it, and we have a lot of problems as all our owners know. If we get 75% we think we've done pretty well. I think we could do better, I believe we could increase our percentage 10% if we were allowed to artificially inseminate. I know it is dangerous and there is thought against it, but I believe if every farm or every stallion manager was required to send The Jockey Club a list of 45 or 50 mares, whatever The Jockey Club wants us to limit it to, and then we were allowed to artificially inseminate those mares ourselves, we could do a better job, we could raise better horses in the end and probably step up the number of mares we have to a horse. We could certainly step up our percentage of pregnancies. By that I mean, for instance, most farms don't tease on Sunday. Say on Monday, May 1st, you tease and there are two mares which have come in season to one stallion. All right, they follicle them and they're supposed to be bred on Tuesday. Well, you know you can't breed them both on Tuesday. So what you could do is you could breed one of them on Tuesday morning and inseminate the other. Then the next morning, which is not as good, supposedly, we could breed the other mare and inseminate the first mare, the mare we bred the day before.

MR. O'FARRELL: You're giving the mare an actual cover but you are removing enough semen to inseminate the next day.

MR. HANCOCK: I don't know how long the semen lives and I don't think any of the veterinarians can tell me. I have had one mare in my life that stayed in season for nine days after we bred her and she caught. So that semen had to live pretty near nine days. I think this other would do a great job for us, and be a big help to us.

MR. O'FARRELL: It would be in the same heat period, wouldn't it?

MR. HANCOCK: Oh yes, the same heat period.

COLONEL KOESTER: I think it is something that ought to be made the subject of an official study.

MR. HANCOCK: That's the reason I brought it up.

MR. O'FARRELL: Actually I think we've already studied it enough when you are trying to get 500 or 600 mares in foal every year. There's no doubt in the world that Bull is telling the actual fact. Many times you have three and four mares that should be bred the same day to a busy stud. What are you going to do? You've got a possibility of breeding one animal and if you require an actual cover and allow the semen to be used on another mare and breed the other mare the next day, you'd be able to vary it and have a much better chance of conception, I'm quite sure.

MR. GREEN: I think you'd probably get more mares in foal but it looks to me that there might be many things that might pop up that couldn't be controlled. One might be, suppose you impregnate a mare today and you intend to breed her tomorrow, and tomorrow she's out and you can't breed her but she gets in foal.

MR. HANCOCK: That could happen.

MR. GREEN: I don't say I would do it or wouldn't do it, but you've got that semen and a man goes around putting it in a mare and, you don't know, he might put it in some mare he's not supposed to put it in. Of course that could happen right now.

MR. HANCOCK: It's based on faith anyway.

MR. GREEN: I think it just offers a bit more temptation.

MR. O'FARRELL: The only thing you could do is govern the number of mares bred to any one sire. At least you could eliminate the possibility of breeding, say, 75 mares to one sire as the standardbred people have done in the past. But you

could put in a hard and fast rule, say 45 mares. I can see, Bob, what you are talking about, but actually you can do that now if you want to do it. Of course, it's unethical.

MR. GREEN: Well, you just don't run around putting it in a mare now, but if you had it you might. I do know that as far as reinforcing the mating itself, in helping the mare get in foal, along with the actual cover, we stopped that entirely.

MR. HANCOCK: I think you're probably right. You're just working for one man, but I've got to please a lot of them. I think I would stop it. I have noticed we have more twins and more slips from mares that have been impregnated than otherwise.

MR. O'FARRELL: I stopped it two years ago. Only in very odd cases do I use it.

MR. HANCOCK: We don't impregnate until the 1st of May and routinely after the 1st of May we impregnate.

MR. GREEN: What about lights? Are you using the lights?

MR. HANCOCK: Yes. I don't think I've got a good enough sample yet to be sure, but last year I had one barn and tried to put equal mares on either side. There were 12 mares on either side of the barn. I got ten on both sides in foal. This year it looks like I got a few more mares in foal under the lights and they too are a little earlier. So I am spending some money putting lights in all my barren mares' stalls now.

MR. O'FARRELL: Bull, I've been doing this for about five or six years now religiously. The first year I thought it was the greatest thing in the world. I set up an automatic light system, and put them under December 21st and went on from there where we would give them the same daylight hours as, say, March 21st. I got 32 out of 42 hard-to-get-in-foal mares in foal the first year. So I thought it was a godsend. After using it all these years I find now that it helps, but it sure isn't a godsend. You do get the mare into season earlier and you have a better chance of getting her in foal, but that seems to be probably the only result I have gotten.

MR. HANCOCK: The thing that is discouraging about it a little bit is that the Japanese were the first to take this up, but they have abandoned it I hear over there.

MR. O'FARRELL: I'm about getting ready to abandon it myself.

MR. HANCOCK: Does anybody have anything else?

MR. PONS: We lately seem to have had a high percentage of mares that don't come into season at all. I don't know whether it has been from the treatment at the track. We salined them and hormonized them a dozen times.

MR. HANCOCK: Well, that has happened a good deal. I have three mares down at the farm—everytime they have a foal they refuse to come back in season. I took the foals off two of them and put them on nurse mares this year. Both of them came back in season and I got both of them in foal.

COLONEL KOESTER: Bull, I would like to bring up one point that might bear a little discussion. That is the matter of identification of incoming mares, particularly at the larger farms where it may be difficult at times to identify them. It certainly is highly important.

MR. HANCOCK: I don't know how anybody else does it, but we do it this way. Every animal, every mare on the farm wears a neck strap. It is riveted on her neck with a nameplate on it. The man who is responsible for that has been with me for 40-odd years. He gets the tattoo number, takes it to the office and the office verifies the name and tattoo number. Then they call the shop and have a nameplate made. He goes to the shop, gets the nameplate and the strap, takes it back and puts it on. That's been routine. We mixed up a couple of mares too that were full sisters about four or five years ago. They came in on the same shipment

and had opposite halters on them, but we had raised them and we thought we knew them. I thought everybody knew them but we had them mixed up for a year and bred one to the wrong horse. But since that time, that's been the way we have done it. If we don't have the name or tattoo we write to The Jockey Club, give them the tattoo and description and get the name.

MR. PONS: On your stallion contracts I think it is a good idea to put not only the breeding and all that, but also the lip tattoo. Then when the mare arrives you can verify it.

MR. HANCOCK: That's a good idea but you can't read the tattoo on a lot of these old mares that are fifteen years old. I don't believe it's any help that way.

MR. PONS: If a mare doesn't get to the races she's not tattooed anyhow.

MR. O'FARRELL: There are a lot of them that aren't tattooed at all, and as you say, there are a lot of them that are defaced after ten or twelve years and you can't read them anyhow. You know, probably the worst way to identify a mare is to have the nameplate on the halter because invariably a halter will get broken and some man says, "Slip this halter on her and we'll change it back," but he never does. I use the same method you use in handling it with a strap on everything with the name on.

MR. HANCOCK: My father started this procedure, I think it was back in 1918 during the flu epidemic. The mares were out there and the foreman got sick and nobody knew which mare was which. He got up out of sickbed and put a name strap on every mare and we've used it ever since. I don't know any other way to do it, Colonel, than just take the tattoo.

COLONEL KOESTER: I bring the point up because I think it is tremendously important. There have been instances where wrong horses have been sold, wrong horses have been delivered, wrong mares have been bred, and sooner or later it is probably going to result in a first class lawsuit. It won't be good for the industry. My personal experience is that it is not so much a lack of method as carelessness on the part of those that apply it, that is, at the farm level or sales level, or track level.

MR. HANCOCK: Does anybody have anything else?

(No reply)

MR. KENNEDY: Thank you very much, gentlemen, for a very interesting discussion. In the matter of insemination I would like to ask Mr. Finney what he thinks the impact on the industry would be if we had more foals by certain popular sires.

MR. FINNEY: If we could get 200 Bold Rulers to sell any year the impact would be wonderful for a while, but eventually it wouldn't be so good. Actually I think if ever artificial insemination is allowed it has got to be regulated to a reasonable number. Nearly fifty years ago in Michigan I was raising draft horses and we used to breed one mare and inseminate six or seven. Maybe you'd get two or three in foal out of those and it didn't make much difference then, but it surely would in this game. Personally I would hate to see the situation where only five or six top stallions' semen was used at all, and that could happen.

MR. KENNEDY: Thank you. Any other comments from the floor on this subject, or anything related?

MR. HANCOCK: Jack, the first thing that I said was that this would have to be regulated. A list of 45 or 50 mares, or whatever limit of mares The Jockey Club would want to put on it for any stallion, would have to be sent in and adhered to.

MR. KENNEDY: We all realize, Bull, that it is a matter of integrity and control. Any other comments on this?

MR. NERUD: To tell them how to eliminate some of the mix-up on the mares, they'd have to buy a 3-M copying machine. We copy every foal certificate on every

mare and foal and that goes with the mare. Just a copy of it goes with every mare and every foal that gets on the van. Along with the health certificate and shipping papers is a copy of the foal certificate.

MR. O'FARRELL: John, you can't take it out in the field with the mare, though. That's the trouble.

MR. NERUD: You know whom you've got in the field. The first time you get her up, you won't make a mistake because you've got the foal certificate with you.

MR. HANCOCK: We always keep a copy of the foal certificate in the office and we check that, but we get so many mares that haven't any markings, maybe a little star.

MR. NERUD: It helps to have the foal certificate everytime you ship in or ship out.

MR. KENNEDY: Any other comments on this? Thank you, John.

We have been informed recently that at Johns Hopkins they have been developing a new pregnancy test for broodmares. I think Dr. Bill Reed may know something about that. Would you tell us about it, Bill?

DR. REED: I don't know too much about it, Jack. It is based, I understand, on a hormone level. It is based on the presence of this hormone and they have been able to do it satisfactorily down to 20 days after breeding. Originally they thought they could do it on the basis of 11 days but they were not sure because of the presence of the opposite hormone. I have talked with the man who has been doing this and I have talked with a man who went down to see it done, and also was familiar with the technique, and it appears to be quite valid. If there is any question about it I would try to answer it, but I have no firsthand knowledge other than just the basics of it.

MR. GREEN: We heard about it this spring and we had blood taken from two dozen mares and shipped to Johns Hopkins along with a lot of other mares' blood from other farms in central Kentucky. I'll tell you, that paper read nice to begin with, but those things didn't correlate 60% with manual examinations.

DR. REED: The man called me, I guess it was a month ago, and he said their big problem was the transportation. He thinks the transportation element of time affects the tests materially and I understand a laboratory in Maryland near Mrs. duPont's farm is being established and they are quite anxious to follow the test through. But they claim that when they get the blood very shortly after it has been taken, the results are much more accurate. So I am sure that this must be a factor.

MR. GREEN: He didn't say it was when we started it. The samples were sent up by air, they got up there the next day.

DR. REED: I think this has to be done almost on an hourly basis, Bob. In other words, it is a very short time factor involved.

MR. GREEN: He was totally wrong on quite a few of them, Bill, and I don't know what caused it.

MR. HANCOCK: How long before had the mare been bred when you sent the blood up?

MR. GREEN: Like Bill said, he said some of them could be 11 days or 20 days or as far as you want to go. According to this little piece of paper he could tell whether the mare would have a multiple number of foals, he could tell whether there was a chance of aborting, and if you had a foal, whether it would be good or bad. He said he could tell a whole lot of things.

MR. HANCOCK: When we first heard about it at the farm they said they could do it within 21 to 22 days. That's no help, because 18 days is what you've been looking for. They are all examined now at 28 or 27 days pretty accurately.

If they could get something that would tell us on the 18th day, coming up to the 18th day, whether the mare is in foal, that would be a big help. Otherwise it isn't any help at all as far as I can see.

DR. REED: The reason for that is they miss a term here or a cycle. As Bull says, the 18th day is the important time. Recycling occurs at that time and if you don't know by then it is actually too late. Whether they are going through any procedure in refining the test, I am not familiar with it at all.

MR. KENNEDY: I think it is a very healthy situation that they are exploring all these different things and that we have interest. I certainly hope you gentlemen of the veterinary profession will work with this man and any other practitioner or research man who is attempting to assist in a test of this nature. Thank you, Bill.

Our next panel will be concerned with purse structure and distribution and the attendant problems. In the chair is Frank E. "Jimmy" Kilroe from Santa Anita; Mr. E. P. Taylor, Chairman of The Jockey Club Limited; Mr. Louis R. Rowan, Mr. E. Barry Ryan, John Nerud and Kent Hollingsworth of The Blood-Horse.

MR. KILROE: The lifeblood of American racing is the money that is channeled into stakes and purses from the tracks' share of the pari-mutuel revenue. We have two basic questions to answer this morning: whether we have been doing the best job of distributing the money available and secondly, whether the money available is nearly enough. Some of you may not be familiar with the way we break down our purses in different areas of this country. The New York tracks continue to pay the winner 65%, second horse 20% the third horse 10% and the fourth horse 5%. In California, back in the early '50s they reduced the winner's share by 10% to 55% and they gave the resulting 10% reduction equally to the third and fourth horses. This past year in California we went to five monies, with fifth money, at least at Santa Anita, coming out of the fourth horse's share. Detroit I understand this summer has embarked upon a program of paying something to every horse which starts. Those are just the boundaries.

We thought we could cover more ground by directing questions to one or two of the members of the panel, and I hope the other members of the panel will jump in whenever they think they can contribute to the conversation.

The first question would be for Mr. Hollingsworth. The something-for-everybody policy has developed considerable support lately. Is it valid to make the distinction we have always made between racing and other sports in which losers are compensated for their appearance?

MR. HOLLINGSWORTH: My family has raised a succession of bad horses for about thirty years, so I have been kind of raised on dinner table conversation about the inadequacies of the purse structure for these bad horses. It comes to this: we have \$148,000,000 in purses and we had 42,000 horses running for it last year, so you split that up and it comes to \$3,500 a horse, average earnings. That's not enough to keep him in training. We found it takes us about \$5,400 a horse to race in Detroit. You have training expenses of about \$17 a day in Chicago and it costs us about \$7,700 a year to train a horse in Chicago. It costs us about \$10,000 to race in New York.

For 42,000 horses and, say \$7,000 to \$8,000 average over the nation to pay its own way for training expenses, only 12% of the horses racing last year earned in that range. For the purse structure to be enough for all horses that race today to pay their way, we would have to have \$340,000,000 as opposed to the \$148,000,000 in purses. Well, this is beyond our possibilities to get \$340,000,000 in purses. So the problem comes back to how we are going to split what we have, \$148,000,000.

It has been suggested that we have starter fees, help everybody to pay their

expenses on the theory that they are performers and they should be paid like football players who sit on the bench. He's a performer, he gets paid. This is a fallacious analogy. A football player that isn't any good will be run off the field. He's on the tackling squad and then the next year he has to go back home where he becomes a high school football coach and if he doesn't win there, why, they make him a biology teacher, and of course we don't know if he wins or loses in the classroom. The name of this game is win. That is the essence of racing. Win, that's it. That's the essence of any game or business I know. Last year our horses averaged 10.2 starts. If you are going to pay \$50 starter's fees, that's \$500. Well, it is going to cost you \$7,500 to pay your expenses. \$500 is not going to make it. If you pay \$100 for a jacket, \$5.00 worth of sleeve isn't going to do the job. The starter's fees won't apply in the analogy with performers in theory and it won't apply as a practical matter, distributing those purses down to \$50 a head all around. It's just not enough money. It seems to me like we are going to have mediocrity set in. We have no business subsidizing bad horses, we've got too many bad horses and there is no place in racing just to subsidize and keep the bad horses going at \$50 a time. I think that would probably encourage the prolonging or starting of a horse that is not worthy of starting. I think the \$50 starting fee is unfair to the horse, it is deceitful to the bettor, it is absolutely of no value to the owner. We need something other than the \$50 starting fee.

MR. KILROE: Thank you, Kent. Do we have any further comment from the panel?

The second question would go to Johnny Nerud and it is a continuation of Kent's remark that the money available in purses is not nearly enough to pay the cost of training all the horses. We have what are estimated to be 50,000 horses, but racing secretaries can never get enough. I want to ask John whether he thinks there are just too many horses in training in this country now.

MR. NERUD: I doubt very seriously whether there are too many horses in this country. I've been watching racing at Monmouth, Pennsylvania and New York this summer and they were pulling teeth to fill a \$3,500 race. They were calling over the phone, and that's the first time I've ever seen that happen. So evidently they don't have enough horses who can perform. I know with the market such as it has been, everyone has bred some horses that shouldn't have been bred. We've bred a lot of horses because the market was good and the commercial breeder bred horses, anything that would sell. I think that has to come to an end. I think they are going to have to get back to quality if they are going to survive. I don't think it is a question of too many horses. I think it is a question of too little money. I don't know where we are going to get the money. I believe that racing has sold itself badly all these years. We could do a much better public relations job and get more people to the races. That's all been gone into and I don't think much has been done about it. The revenue is not enough to keep people in the horse game if we don't get them some more money. The associations say they don't have any money, so we'll have to go back to the state, I guess.

MR. KILROE: Thank you, John. I jump in here because our next question is for Mr. Taylor and it is: Is it reasonable to expect a greater proportion of track revenue to be devoted to purses than we now have?

MR. TAYLOR: I don't think it is. I think if you analyze the financial statements of any track, almost every track in North America, you will find that their earnings on the value of the investment are not very attractive to the shareholders. Furthermore you will find that in almost every situation the proprietors of the track get no part of the income on pari-mutuel wagering. The track usually has to divert a proportion of its income from admissions and concessions to the purse distribu-

tion. And I would like to agree with Kent Hollingsworth, and I have made many public utterances to this effect, and made myself very unpopular in the provincial government circles in Canada, saying that eventually the states will have to give up racing as a source of revenue if they expect it to be a creditable sport and give the best value to the public because the economic squeeze goes on and on. The cost of operating a track, the cost of conducting a stable is increasing faster than the increased patronage and some states are beginning to recognize that, as you know, and some provinces in Canada. They are collecting the tax but they are diverting part of it to purses and I think that will be the trend for a considerable time until they have no tax left if they want to keep racing going.

MR. KILROE: The next question is related to the discussion going on down in Washington right now and it is directed to Mr. Ryan. Thoroughbred racing is a high risk proposition for our patrons and much more so for our owners. Does it make sense to expect a racing enterprise to show the same regularity of profit that is the standard in normal business?

MR. RYAN: At first blush the answer obviously is "no," because of the intangible hazards that we face—unsoundness, accidents and most people's desire to hang on to horses because they happen to like them although they really are no-account. We all do it at one time and another. But I do believe if a person gives as much close attention to his racing stable as he does to his business downtown through his trainer or through his manager or by himself, there is a reasonable chance for a man to cut his losses to wait for the big horse to come along and finally get him some profit. It's a very difficult problem. Our costs are rising, our labor situation is fierce and getting worse and stall space is difficult.

Back to Johnny Nerud for a second, he was talking today about how they are crying for horses at Monmouth and Liberty Bell and New York. For that matter, I feel that another facet of that is the fact that we are over-emphasizing our two-year-olds to such an extent, and racing is so long these days, meetings are so long, 365 days a year if you will, that we simply are wearing our horses out and we are not able to fill these older races. I personally think that if a man will pay attention and get rid of his culls, push them down the line, he has a chance to make a profit or at least cut his losses and to have a profit at some point.

I do think that in the picture of racing the way it is today, we have got to get more money, more money for the better horses, and we've got to get more money for the middle horses of the older group and less money for the two-year-olds. I am in favor of all two-year-olds getting to run and getting smartened up and running half a dozen times. But when I look at the purse structure around the country and see the emphasis that there is on two-year-old stakes, I sometimes wonder if we aren't pushing that a little too far and if we shouldn't revise our thinking and perhaps cut that down. Personally, at the risk of having a brickbat thrown at me by a commercial breeder I would like to see no two-year-old stakes run in the United States before July 1st. Maybe this way we could save our horses a little bit longer and have a handicap division two years later that would be worth something or mean something. This way maybe people would take more time and develop horses that would eventually help pay their expenses. In other words, I really feel that a number of two-year-olds are being ruined and obviously have become a liability to their owners. They are finally sold and some of these two-year-olds could have been made into decent horses and perhaps make that owner a useful and profitable older horse.

MR. KILROE: Thank you, Barry. The next question is related to the last one indirectly and it is for Mr. Rowan. Since it is obvious that racing stables have to be conducted on a business basis I wondered what Mr. Rowan thinks how well

most owners are qualified to run their stables as business propositions and whether a book of instructions would help.

MR. ROWAN: Jim, I'm sure that a book of instructions has never hurt anybody and certainly in many cases would be helpful. But I think when the smoke all clears it really boils down to the desire and aptitude of the owner. If he really means business and loves the sport, he'll find a way to get good, professional advice. There's plenty of it around for the asking, and I think the difficulty really is in the sifting process to find out who in this business is in fact actually qualified to give me or you or any other owner advice about our particular problems. Like any other business matter I think that one can find such advice if one is determined about it and gets one's feet wet gradually, and doesn't jump into the business too fast and just uses ordinary common sense.

MR. KILROE: Thank you, Lou. The next question is for Mr. Taylor to deal with. 1968 statistics compiled by the Thoroughbred Record reveal that 66 horses, representing .2% of all those starting, earned as much as the 25,346 horses who comprise 59% of all those starting—almost 400 times as many. Have we over-spent ourselves on stakes?

MR. TAYLOR: I think on individual races we have probably done so. I don't think that the proportion of the money that goes to stakes throughout the country is unduly high. As most of you know, the national average is about 20% of the total purse distribution going to stakes; and in some of the bigger centers, 30% and 40%. I do feel though that there are too many very large stakes. There are usually two or three of these in the racing season going on in one week. I don't think that from a practical standpoint you are going to cut out the \$100,000 stake, but I would hope that as more money becomes available, the lesser stakes can be brought up more and the big stakes held at no more than their present level.

The competition between race tracks of course that are fairly close together is an important factor in this situation. But there is no doubt about it that stakes keep up the public interest in racing more than any other kind of race. They make name horses and stake winners, and they support the breeding industry and encourage people to breed better horses. Any race track operator knows that, if you forget about Saturdays, Sundays or other holidays and you put a good stake on a day other than one of those three days of the week, you get a bigger attendance than you do when you have no stake on your program. So it is very difficult to say exactly what the economics are but I would say from experience, for the average track it pays to distribute about 20% of your total distribution in stakes.

MR. KILROE: The next question I would like to direct to John Nerud and Barry Ryan. We have already seen the effect of the inheritance tax on the big stables which made American racing. The restrictive legislation now under discussion promises to make efficient stable operation more than ever a necessity. Is there much that can be done by horse-walking machines and other means to lower the cost of training a horse?

MR. NERUD: I doubt very seriously if there is much room in the horse business for mechanism, as we are dealing with individual horses. We said before if you don't have a big horse in a big stable, you've had a bad year. You take what you hope are your good horses and put them in a walking machine. It is penny-wise and pound-foolish when you are looking for the one horse to build the whole outfit up. I think the walking machines have proved successful in many places and we use them on the farm with our babies. We break them on a walking machine and they handle it quite well. They're in a corral and the walking machine is permanent and the corral is around them so that if there is any trouble, they're in the corral and they're not keyed up to racing stage. When you get horses keyed up to a racing stage and ready to run, you drop a straw and he's gone. So I don't

think it is a good idea to try to put a good horse in a walking machine. I don't know how you could have a mechanical groom. Our labor situation is rather limited, we are having trouble getting the proper help and the quantity of help we need.

MR. RYAN: I really can't feature that walking machine. I agree with John entirely. I'd like to think that would be a way to cut down expenses but I don't think it will exactly work. I wouldn't want to try it. I might have to walk that decent horse myself instead.

MR. KILROE: The next question would be for Kent Hollingsworth and Lou Rowan. We found at Santa Anita that the introduction of 5th money effected the reduction of 1.2% in the number of stables earning no part of a purse. 6th money might do us about as much again. Would this justify itself?

MR. HOLLINGSWORTH: Jimmy said not to fool with figures much here this morning because it would make a lot of people bleed through the ears, but I don't know how else to handle it. Henry Watterson, a Louisville newspaper man, used to, when he left the office, put his finger in the till and take some money out so he could play cards and have some fun that night, and the bookkeeper got so upset about this, because he couldn't keep things straightened out, he said, "Mr. Watterson, would you be kind enough please just to put a little note in there and tell me how much money you took out last night." And the next night he found a little slip in the till that said, "I took it all."

(Laughter)

Senator Smathers is going to talk a little bit later about that "taking it all" business. But we have got to get to the figures on this, so I went to the charts and started fooling with these figures and took the distribution as it is at Saratoga, where you have money split four ways, and four ways in Saratoga is 65% to the winner, 20% to 2nd, 10% to 3rd and 5% to 4th. Then I took the distribution the way it is at River Downs where they split it six ways: 62.4% to the winner, 20% to 2nd, 9.8% to 3rd, 4.8% to 4th, 2% to 5th and 1% to 6th. I took all the charts of the 24 racing days at Saratoga and kept a tab on each horse and each owner, with the money split four ways, the way it actually was. Then I rearranged my figures paying up to 6th money as in River Downs. I did the same thing for River Downs: I calculated the owner and each horse's earnings for the same 24 days in August at River Downs by splitting it six ways and then I recalculated it splitting it just four ways in River Downs. So I had relatively low purse distribution at River Downs and a higher one at Saratoga, to see if there was any change from the owner's point of view if we split the money four ways or split it six ways. After fiddling with these darn columns I found this to be so: that where the money was split four ways, if you figured it being split six ways there was an increase of only 1.2% in the owners who were able to pay their way when you split it six ways. This is a very insignificant percentage.

MR. ROWAN: I agree entirely with what Kent says that this system of gimmicks of trying to divide the money up isn't the answer to our problem. I think that any of the systems now being used is adequate. Our California system is good for our needs out there but I think the basic problem is how to help the man in need. Some people refer to him as the little man in racing, and it is hard to figure out who the little man is. Is he the man with one good horse? Is he little in size, or is he a man with a lot of horses and a little pocketbook? Has he got a tremendous number of horses and finds it very hard to feed them? I think he is a littler man than a man with one horse who has only him to worry about.

What we have to try to do, in my opinion, is to find a way to help people who do conduct their operations properly, run a reasonably tight ship and do the so-

called right things in racing, to break even or make money in the game. And in order to do this there are only two ways I can see of doing it that would be helpful. One is to increase the input of money into racing and some countries have devised a system to do this, notably I guess Japan and France, where they have off-course betting in big cities through the pari-mutuel system which finds its way back into purses. This is working well, I am told. But until that comes along I think we need a system where, from the very beginning, the racing associations make it easy for us owners to develop stars. It is good for them and it is good for us. A star in a small stable could be an allowance horse, certainly better than the bottom end of the game. We know the platers simply cannot make money for anybody because, with very few exceptions, as soon as they are proven to be money-makers, somebody else owns them. So we have to think of allowance horses and stake horses and track managements should help us develop our young horses in an orderly fashion. I agree with Barry that we shouldn't go too fast with two-year-olds. On the other hand we should not have to wait with them. When they are ready to run we shouldn't have to wait to get three or four stars because, as you know, by the time we do we get buckskins and coughing and so on.

So I think that management can help the economic situation of the owner greatly by instructing top management or having its top management familiar with the problems of the owner and instructing its racing department to bring along our horses in an orderly fashion, putting the emphasis on development rather than keeping the old plater in the game. I know some racing secretaries, as you say, are like the station masters of old, they are never happy unless they have about fifty guys waiting to buy tickets. They love a long star list but it is a murderous thing on the man who is paying the bills. If they would card plenty of races for younger material and put the emphasis on bringing along the younger material, the two-year-old and the three-year-old, they would then let the older platers find their way down to the minors. Then the tracks that do this I think would be helping the game to develop in a healthy manner and by so doing would help owners to pay their bills.

MR. KILROE: The next question is directed to Barry Ryan and John Nerud as trainers because it relates directly to the backstretch. It has become customary in some areas to take a percentage off the top of the total purse program, before it is distributed, for health and welfare purposes on the backstretch. Since we have seen how disproportionate the earnings of our stables are, isn't this a wise policy to stabilize working conditions in the stable area?

MR. RYAN: Obviously this question has come to the fore in the spring in New York where they had a little excitement and everybody got an idea that they could talk the state or somebody into giving us a pension plan. There is no question about it, the idea is correct. We must do something and we have got to do it right now. The plaintiffs are restless and a pension plan should be in anyway. I am all for it, and after giving it some consideration I feel that the best way to do it would be perhaps to take a bite from the stakes program. In other words, as Mr. Taylor stated, something like 20% of the purse structure is given to stakes monies at North American race courses, generally speaking. I propose that management take 3% of the money that they set aside for stakes, set up this pension and general welfare plan for the backstretch personnel and that they, if we are going to give up 3% of our stakes, take the responsibility of administering the plan. This would seem to me the easiest, quickest way, the easiest way on the little man that we are talking about. It doesn't hurt him. After all, the stakes are big enough the way they are. I don't think that anybody would mind winning \$97,000 instead of \$100,000 and if we can get this plan in by doing that, I think this would be the quickest way to accomplish something that must be done now and not sometime

in the future. There has been another plan hinted at that suggests that the owners would contribute so much a day for each man, or the trainers would contribute so much a day for each man, but I think the poor owner is having a tough enough time and the trainer, unless he is winning a lot of races, is only having a Mexican stand-off if he is on a per diem. So I feel that the easiest way to accomplish this would be to put a little bite on the top of the purse structure and the stakes program.

MR. NERUD: I am not sure how this should be approached. It is true we have to do something. I see the State Racing Commissioners have recommended a pension for the racing officials, the maintenance men have a pension, the mutuel men have a pension, everyone has a pension but the poor grooms. So we are going to have to come up with something. I am not too sure it is the place of the associations to handle it because the backstretch personnel are not their employees to start with. The money has to come out of our handle, out of the association or the horsemen, however you say it, but I don't really believe it is the place of the association to administer this. It may be putting them in a position they don't want to get in. I think perhaps it could be handled through the HBPA, or the American Trainers. I suspect the HBPA has more members.

I wouldn't argue with Barry Ryan to take it off the stakes program. Some places we have taken it off the top of the purses and that distributes it equally because we take it off the top before we distribute any purses and that seems to be the most painless way. No one misses it. There is another idea: the trainer could charge \$1.00 per day for every horse on the backside and turn it into the fund. He could just make an extra bill, so much a day for a horse, give it to the owner and turn it into the fund. As we said before, it is the owner that is getting squeezed now, either way you look at it. If you take it off the top of the purses, you're taking it from the owner, and the same if you send him a bill. In the final analysis, if there is a pension plan, it is going to have to come from the owner. I don't necessarily agree that the little man is the one in the pinch. I've been a little man a long time and I've made enough money to get to be a big man and I'm not so sure that the big man isn't the one who is in the middle.

MR. KILROE: Of course one argument for taking it from the purse program before anybody ever gets any money out of the purse program is that it is a way of making things a little easier on the losers. If we just charge by the horse per day, it's just adding to their grief.

The next question is for Mr. Taylor. On the basis of your experience in Canada, how much would Sunday racing add to the life expectancy of the sport in this country?

MR. TAYLOR: It certainly has been a great success in Ontario. We formerly were only allowed so many days a year, 196 for the three race tracks. However, that limitation has now been taken away from us and we can really apply for as many days as we want. But we quite voluntarily decided that with Sunday racing we would go to a five-day week for several reasons. Most people work five days — of course the stable hands work seven days — but it does make it easier for all concerned and of course there is also the question of what the public can stand in a place of limited population. The actual results seem to indicate that with the same number of days in the year, on a five-day week as compared to a six-day week, except at one race track where the local politicians do not want Sunday racing (they can't legally stop us but it is part of metropolitan Toronto and the Aldermen do not want us to race there for the time being) but at the other tracks, Woodbine and Fort Erie, where we are racing just as many days or perhaps more days as formerly, we are getting a 10% to 15% increase in daily average handle and quite a substantial increase in attendance. There is going to be some pressure when we renew

our union agreements to recognize the fact that we are racing on Sunday, or to pay as much for five days as we did for six before, but we will overcome that. But Sunday racing is a very good thing in bringing out people we have never seen before at the race track. Some families are coming with their children, and a good many people, self-employed people, still work six days a week in North America and those people are able to come to the races now. We think it will increase the interest of women in racing, because a great many women are coming out on Sundays. So wherever you can get it I strongly recommend you have Sunday racing.

MR. KILROE: This question is for Kent Hollingsworth and Lou Rowan. We are all agreed that our years as a sport may be numbered unless a much larger source of funds is found. Short of temporary or permanent shut-downs, how can we achieve the realignment of pari-mutuel revenue that is urgently needed.

MR. HOLLINGSWORTH: Right now we have \$148,000,000 in purses and we are talking now about how much can go to purses from the take-out, is that right? Throughout the nation it varies in each state as to what the proportion is. In New York it is two-thirds to the state and one-third to the track and purses. In Kentucky it is the other way around, one-third to the state and two-thirds to the track and purses. It seems like in the quest for more purse money we need a realignment and we should hold fast as best as we can on two-thirds going for purses and to the track and one-third to the state. When you are in those situations in states where the state is already getting two-thirds, you are talking about an education program for legislators. Mr. Taylor has already educated the people up in Canada. He has extraordinary means of education up there which are not available at most of the race tracks in America. We have to have some facts. We have to have some figures to explain to the legislators how taking two-thirds from racing will destroy racing. We have got to have some more money. That is an extraordinary selling job—to tell a legislator he has to take less. But that seems like our only route. And the only route to explaining to the legislators that they have got to take less is by giving them the facts and explaining the economic impact, emphasizing how much money is going into the state's economy from racing. I feel we need the implementation and completion of an economic study which will provide those facts to show that racing has to have more and the pari-mutuel tax has got to be less. This is being implemented now through the National Association of State Racing Commissioners. We have thirty-one racing states and I think about half of those are already on the way. It's a year before completion, providing the necessary facts where you can start to explain to legislators that they have to take less.

MR. TAYLOR: I would like first of all to say a word of protection concerning the politicians. The methods we used were not methods we would use in some other places. God knows if we would have been able to use them we would have had relief a long time ago.

(Laughter)

What we did do was to make an economic study and we made briefs and we became downright nasty, but the thing that I think really persuaded them to do something for us was the fact that the racing quality was deteriorating and we were having difficulty in filling our cards each day so that one day we had to drop two races for lack of entries. I entirely endorse that perhaps the time has come now for a national economic study. It has been done in so many states, such as in California and other places. It is a state problem everywhere and I think it would be of interest to any state to know what is happening in other places. So you have to get the ball rolling, and it is rolling a little bit because we know that there

has been some diversion of taxes in certain states and more are contemplated, but somehow or other this study should be made.

MR. KILROE: Lou, do you have anything to add?

MR. ROWAN: I agree with Mr. Taylor that the answer is through a national program but while waiting for that I think the state programs do work. We were successful in California, recently, in the last couple of years, in going to the legislature after the industry as a whole had supported a research program which clearly indicated the economic needs of the horse industry, the breeders and the owners. This resulted first in more racing days which have proved quite successful, and second, in diversion of a good piece of the breakage to smaller tracks. The only ones that do not get it are Hollywood Park and Santa Anita because of their large pari-mutuel handle, but the smaller tracks have received the breakage which resulted in quite a dramatic increase in their ability to pay purses. This legislation was obtained just in the way Mr. Taylor outlined by getting a study made. For once in California I think we were successful in getting every single facet of the industry to pull together. This was a common need and we all worked for it and got excellent results. I think that this is the way to do it elsewhere. We must get every single group in racing to work unselfishly for the common end. First of all to find the end and then work unselfishly for it, I think, will get results. Among these would be Sunday racing. It definitely is a possibility in other places and should be pushed. Possibly other ways and means such as have been done in other countries could be developed and pushed too.

MR. KILROE: Jack, I think that completes our discussion.

MR. KENNEDY: Thank you gentlemen, for your very knowledgeable remarks. I am certain they have been enjoyed by all. I will now ask the Chairman to introduce our principal speaker of the day.

MR. PHIPPS: Many of us have felt this winter that Thoroughbred racing was not looked on in as favorable a light as it should be in many parts of the country, especially in Washington, and that something had to be done about it. Therefore The Jockey Club with the U. S. Trotting Association, the American Saddle Horse Association and the American Quarter Horse Association formed the American Horse Council. We were very fortunate in securing for our first president Senator Thruston Morton. Thruston, you are known to everybody by reputation but some of those here do not know you by sight. Would you mind just standing up and letting them see you also?

(Applause)

Thank you very much.

Our last speaker is a national figure who is working very hard for us and, I feel, very effectively. It is my privilege to introduce to you The Honorable Senator George Smathers.

(Applause)

SENATOR SMATHERS: Thank you. Gentlemen, the greatest man I ever knew in my lifetime was Winston Churchill. I remember his one time saying to speakers that they should always remember that the mind cannot assimilate more than the posterior can endure.

(Laughter)

We have been here an hour and forty-five minutes. I think it might be helpful if I tell you I am not going to talk very long, but if everybody just stood up and had a thirty-second seventh inning stretch that would be all right. Would everybody stand up?

(Pause)

Mr. Chairman, may I say first that I appreciate the warmth and the generosity of your introduction. I also want to take this opportunity to thank you, sir, for being a most hospitable host. I don't know when I've ever been privileged to visit anyone where I enjoyed myself more, nor have I ever been anywhere where I have learned more. So I am grateful to you, sir, for inviting me.

I might tell you at the outset how some very astute Senators get other Senators who aren't very bright to vote with them. Several years ago my good friend Russell Long from Louisiana, who is now Chairman of the Finance Committee on which Thruston Morton and I served for some seventeen years, Russell came to me—oh, this was about eight or ten years ago—and said to me, "I want you to support me in the position which we oil people take with respect to depletion and with respect to the kindly treatment which the Government gives the writing-off of intangible drilling costs." I said, "Russell, we don't have any oil in Florida to amount to anything and I don't think it is a particularly good idea." It was of course easy for me to be tough on that because we didn't have any oil.

Anyway, about three weeks later, or three months later, he came to me one day and he said, "You know, George, you and I have known each other since Chimney Rock Camp days when we were back there in camp and I've always liked you and I'm going to give you a great opportunity. My mother, my brother and I own some oil interests, as you know. Our geologist tells us that down there in southern Louisiana there is a parcel of land that's just got to be overflowing with oil. We're going to give you an opportunity to go in this with us. How much money do you think you can get up?" Well I began to envision myself as another H. L. Hunt or Sid Richardson or Bob Kerr or somebody like that, so I scraped around and got up a little money and said, "Here, I'm glad to be in it. I know that you and your mother are going to treat me fairly and if not you, your mother." In any event, I went in.

Well, about three months passed and finally Russell one day came back to me and said, "Gosh George, I hate to tell you, but on that particular parcel of land we really didn't discover oil but we learned by slanting some sort of a pipe sideways that next door is really where it is. We're really going to let you into this. But you have got to up the stakes a little bit to take part of it. So I did. Well, I didn't hear anything from him for about six months after this occasion and I went to him one day and said, "Russell, you know I'm not a very affluent man and I need to know what happened. What did I get out of this?" He said, "You got five dry holes." I said, "You mean to tell me that's all I get out of this?" He said, "Well, you also got the knowledge as to why the oil industry needs the depletion allowances."

(Laughter)

If you gentlemen think that's an unusual case I want to tell you what happened to me more recently than that. I was invited down to the sales in Lexington, Kentucky. I had been visiting with a very delightful gentleman, Albert Clay, there, and I had been over to Warner Jones' house and imbibed of the atmosphere, saw the magnolia blossoms, took on the moonshine of the evening and the moonshine that was there in front of us to a little too great degree, and after a delightful dinner at Bull Hancock's, a cocktail party, we finally went out to the sales. I had never been to a sale before in my life. I was sitting back there enjoying the demonstration of the fellow who was talking. I couldn't understand what he was saying but he kept running the price up and I was looking around at who was doing this. Finally my dear and long-time friend with whom I had served in the Finance Committee, Thruston Morton, came down and punched me and said, "How would you like to go in on a syndicate?"

(Laughter)

I said, "Well, what are we talking about?"

"We got a horse coming up here that's absolutely the greatest thing. It is going to be the next Kentucky Derby winner, but if that doesn't impress you, it's going to be an outstanding horse in the Florida Derby."

Well, that appealed to me. I said, "All right, what's the maximum?" He said "Well, we won't go higher than \$40,000 for this horse." So I moved my seat back to my new partners who were Thruston Morton and Lyons Brown, a fellow who has got more money I guess than I'll ever see and I should have known better than get involved with those people. But anyway, I sat down beside them and the price began to go. The horse came on, a beautiful horse. The price got up to about \$20,000 and then \$25,000 and we agreed we wouldn't go above \$40,000. So we got to \$40,000, and some unwise fellow over there was competing with us and the spirit of competition began to take over. Finally it looked like every time we were going to miss it, Lyons Brown would say, "One more thousand dollars." So up it got to \$50,000. At that point we thought well, he's such a good horse. And he got better as the bidding went on. He got up to \$55,000 and we thought sure, "That's it." About this time the guy was saying, "Going, going, going," and Thruston leaned over and hit Lyons Brown real hard. It was then at \$55,000 and it added Lyons Brown so he said, \$65,000!"

(Laughter)

And the auctioneer said, "Sold!"

(Laughter)

So gentlemen, I am the part owner of a \$65,000 horse and believe me I am very interested in what you have had to say today, about how we are going to make some money. This is a new adventure for me. I am delighted to be in it, really. I don't understand the language. I heard about impregnating a mare on one day and breeding her on the next. I don't know how you do that, exactly, but I want you to explain it to me later.

(Laughter)

I feel a little bit like Cab Calloway the time that they invited him to New York to receive an award at a B'nai B'rith luncheon. The master of ceremonies was talking along about the accomplishments of the Jewish faith and this very fine Jewish organization. Finally he told a joke in Yiddish and the crowd just erupted with laughter and at the same time Cab Calloway, who was sitting there, broke out into laughter too. That sort of startled the crowd and the master of ceremonies particularly, and he turned around and said, "Mr. Calloway, we knew you were a very wonderful man but we had no idea you understood Yiddish." Cab Calloway stood up and said, "I don't understand Yiddish, but I've got a lot of confidence in you fellows."

(Laughter)

That's my attitude with you gentlemen here in the horse industry today.

When I was first approached about becoming associated with the American Horse Council it was in February in Miami. I was flattered and pleased and honored. I had of course known some of these people who had been associated in this business for quite some time. It is a very important industry to our State of Florida. However, sitting over in the room at the Miami Springs Villas with Bull Hancock and Albert Clay and others, I said I did not want to take on this undertaking unless we could get a man of the stature and caliber of Thruston Morton with whom I had so long served first in the House of Representatives and later in the Senate—unless he would become the president. We talked to Thruston

about it and he most graciously took it under consideration and finally agreed to accept. I think that much of what we will finally be able to accomplish—and I think we have got a lot to accomplish—when we do get to that happy day which I foresee, I hope, I think it will be because of the efforts and connections of Thruston Morton among others. I am very pleased also to be associated with Henry Durham, a very brilliant young lawyer, who sits back there, and comes from Lexington, Kentucky, who is the Executive Director of the Kentucky Thoroughbred Horse Breeders and who has become associated with us, and then all the other fine people who sit as members of the Board.

As Ogden has said, this actually was gotten together, I guess, under the stress of the Metcalf Bill. Jack Knight out there will remember we never could get a flood control program in Florida for years until a catastrophe overwhelmed us. We used to have a hurricane almost every other year and the water would flow down the streets of every city in South Florida and nobody did anything about it. Finally, in 1946, a hurricane came along that resulted in the lives of some 1,400 people being lost. Thereafter we acted and we built the Central and South Florida flood control system.

The Horse Council I think has been long needed but it took the impetus and, I guess you might say, the pressure of the Metcalf Bill to finally make people realize that they had to get together if they were going to survive because certainly in unity there is strength and you need strength more today than ever before in the history of this industry. For example, with respect to statistics as to just how important the horse industry is throughout the United States, it is appalling to me that no one seems to know, as I asked this morning, how many people are employed at race tracks in the 31 states of the Union that have pari-mutuel betting. Well, somebody knows how many are employed at Saratoga, down at Monmouth, Hialeah and so on. How much money is being spent, for example, on feed alone throughout these United States? Well, nobody has accumulated all of those figures. They know how many race horses there are, but how many horses are there as such in the United States? Well, nobody actually knew.

It was then that Albert Clay suggested and the Board adopted a motion that we have this Spindletop organization down in Lexington, Kentucky, undertake a study to determine what are the economic facts in respect to this industry. Already, preliminarily, we find some unusual things. For example, there are more horses in the United States today than there ever has been before. We discover that more money is being spent on horses than ever before. More people are participating in it than ever before. More 4-H clubs are running little programs with respect to horses than ever before. By the exercise of certain economic factors, which I don't understand completely, we have concluded that this is well over a seven billion dollar industry in the United States. How much employment, we don't exactly know, but we will know that very soon.

Because it is that big and because it is that important, it should not be destroyed as an industry in these United States.

The first thing we did after we began to get organized was to go out and talk to the National Livestock people in Denver. Albert Clay and Mr. Honnen, who has become our Chairman and who was the president of the American Quarter Horse Association with some 65,000 registered membership, went out and tried to talk to those people about the Metcalf Bill. We asked them not to go before the Ways and Means Committee and give away anything. I regret to say that even though it got to be embarrassing by our disagreeing with the people who had invited us to come out there, begging them, saying to them, "Please do not go before

the Ways and Means Committee and say that you're wrong. Please do not go before the Ways and Means Committee and say, 'Here's what we are going to do', and give away something, because as certain as you are sitting here in this hotel in Denver, if you give away 10%, before the hearings even get started, you are going to be certain you are going to have to give away 40% before it is over with and you may have to give away more than that. So, please don't do it." Well, we must have spoken without much persuasion. Certainly we did not get anywhere with these people, even though we talked to them again the night before they testified before the Ways and Means Committee.

I think that what the Ways and Means Committee has now done could be a disaster to the horse industry. Over-all, however, I think all of us would agree, some of the things that they have done needed to be done. I was never one of those, and I don't think Thruston was, and I don't think any member of this organization here is, one who believes that some men should be able to avoid taxes completely, that is, affluent men. There should be a minimum tax. The unfortunate fact was that 155 men with incomes in excess of \$200,000 were able to file returns last year on which they paid no tax whatever. And when Joe Barr, who was the last Secretary of the Treasury under the Johnson administration, went before the Congress and told them that fact, it so excited everybody with the need for reform that they began to think everybody had a million dollars and everybody should be reformed. But that gave it the impetus to get the Ways and Means Committee moving. It started the great feeling throughout the country that some correction should be made.

They have made corrections in 27 different items. I would have to agree that some of those are needed. With respect to the horse industry, I think that which they have done could be catastrophic. I don't believe that we are dead yet, however. I said at the outset that I really believed that the fight would have to be made in the Senate Finance Committee and on the Senate Floor and in the conference which follows after the Senate acts. But for a while, we were up there on a pretty high horizon, believing that the Ways and Means Committee was not going to do to us what it finally did. We let our guard down to some extent, but anyway, when they acted, for all practical purposes we lost the fight.

We had previously been to the President of the United States—I can report this because I think it was well reported. A group of us talked to the President of the United States—John Hanes, Ogden Phipps, Thruston Morton and Governor Nunn of Kentucky. The President frankly did not know a great deal about this particular problem, which was to be expected. He gave us a very courteous and gentlemanly audience; in fact, an encouraging audience, but he did say, "I hope you will make my job a little easier by giving something." Then with respect to oil he even mentioned that a little bit to Ogden, and I must say Ogden did not respond very enthusiastically at that point. But in any event we had what we thought was a very fine meeting. Later on Mr. Clay and Thruston Morton talked to the Secretary of the Treasury and his assistant, Mr. Ed Cohen. We were led to believe that they were going to take certain positions which in fact they did not take.

All of this resulted in what came out of the Ways and Means Committee recently. I shall not go into that in detail because it would take two Philadelphia lawyers to explain to you exactly how the excess deductions account works, other than to say they hit us in four areas. The first one was the excess deductions account. That of course said that anybody who had a non-farm outside income in excess of \$50,000 would have to set up an excess deductions account. At first, the Bill required all farm losses above \$5,000 to be set up in the account. However, in the Ways and

Means Committee that \$5,000 limitation was raised to \$25,000. I for one thought that we in the Horse Council should try to keep it at \$5,000 because it would be that much more unpalatable and make it that much easier to defeat when it got to the Senate. In any event, the Chairman of the Committee, Wilbur Mills, and others, after considering it, raised it to \$25,000, which means that you put all losses above that \$25,000 into a separate account. When you later on sell something off the farm that would result in a capital gain you cannot take capital gain treatment until that excess deductions account has been exhausted. That is ordinary income to you. So you lose the capital gains advantage to that extent. It is a very detailed and complicated piece of legislation which I very much hope we can eliminate in the Senate.

The second item was the recapturing of depreciation on purchased livestock. This is one of the things that the National Livestock Committee went before the Ways and Means Committee and gave away. This may be something that we too will have to eventually give up—the right to keep your depreciation even though you have depreciated an animal completely. When you sell him—the way the law is now—you can consider that profit that you make a capital gain profit. However, no longer would you be able to do that. The law is now written so that the only exception to the recapture of depreciation on personal property has been the livestock industry. So the Ways and Means Committee has taken that away from you.

The next thing they have done is to extend the period for which you have to hold your animal in order to claim capital gain on it. In other words, they say now that if you have a race horse—I read it to Ogden this morning and the language is a little bit obtuse—but the language says you hold that animal for one year after you would normally expect to use him. Now whether you use him for breeding purposes or racing purposes, you still have to hold him for one year after that day arrives, whenever that day really is. Later on it will require some refinement by the Treasury to get that particular provision to a point where people can really understand it. Ogden thought this morning that that would create considerable difficulty for the industry although with my little knowledge, on the surface, it didn't seem to me that it was actually too bad.

One provision which the House did adopt which I think is very dangerous to the horse industry, the horse racing industry particularly, is the change in the hobby loss provision. As you know, they have permitted you four out of five years to suffer losses in excess of \$50,000 and deduct that from other income or outside income. However, the law has now been changed to where they would limit your deductible losses to \$25,000 in any three years out of a five year period. As I talked to the people I know who are in the business of horse breeding, they tell me that this particular provision means that they are going to probably have to go out of the business. There are of course those big stables, those that have a Bold Ruler, those that have other great horses, and make a lot of money—this does not particularly affect them directly. However, of course it affects them because they are not going to be able to sell their foals at these sales in the fashion that they used to do when the less affluent of the breeders begins to realize that he has got to take his loss as a straight loss, which he can no longer deduct from his other outside income. I think this is a very disastrous type of provision. This is one that we must concentrate on knocking out of the Bill and I believe there will be some opportunity to knock it out.

But as you read the Bill, the one thing that is most interesting to me about it is that on Page 71 of this very, very complicated language, it talks about the revenue

effect of all of these measures. Here we are with a budget of \$195,000,000,000. We are spending in the war \$80,000,000,000. President Nixon got on the radio and television the day before yesterday and talked in the afternoon about the need for \$11,000,000,000 to help transportation and that night about another \$10,000,000,000 to help welfare people. We are talking about enormous sums of money and yet in this report, with these four changes which have been made by the Ways and Means Committee, here is what they say is going to be the benefit to the Treasury by adopting these four particular measures in so far as the livestock and horse industry is concerned. "No. 5. The Revenue Effect. The revenue increase under the farm loss provisions of this Bill are estimated at \$5,000,000 in 1971 and \$20,000,000 in 1979."

Now, can you imagine the logic, for the sake of getting \$5,000,000 extra dollars in the Treasury of the United States, they are going to take the chance of destroying an industry which today pays to the states in pari-mutuel taxes roughly \$500,000,000? Where do the states get the money to build roads, the schools, the hospitals and the services which they have to provide for the people? They get much of it from pari-mutuel betting in the State of Florida. They do this to a great extent here in this State of New York. Some \$80,000,000 to \$90,000,000 comes into the state. In 31 states together, the money they raise comprises, as I say, roughly \$500,000,000. All of that endangered and liable to be destroyed for the simple closing of a loophole, so they call it, which will return to the Treasury a minuscule \$5,000,000! I just can't believe that members of the United States Senate, I can't believe that the President of the United States, I can't believe that the Secretary of the Treasury, I can't believe that his assistant, Mr. Cohen, in just an effort to close that particular loophole, I can't believe that these people are going to risk the destruction, the loss to the states of \$500,000,000, the endangering of the over-all horse industry today which involves something like \$7,000,000,000.

Now the question is, "What do we do?" Just today a number of newspaper reporters out at the track said, "We want to talk to you for a minute." The first one was pretty nice, but the second one—like Jack Knight knows, I've got some real basic complaint against some of these reporters, some that he had, but in any event, not him—this guy said to me, "You seem to be amassing a great lobbying outfit, a lobbying type of machinery." I said, "My friend, you want to remember this. In the Constitution of the United States, if you have read it and if you believe it, you will understand that the right of petition is given and is guaranteed to citizens of this country. The way they get redress for the wrongs is to go to the Congress of the United States, they go to their Representatives, they go to their Senators and they speak their piece and they exercise their right of free speech, telling what they think is wrong. And that is what we are going to do in this instance. For you to call it lobbying and act as though it is some dirty word or something insidious, we don't like it, but we are going to exercise our rights, because we feel as though this is greatly wrong."

So what we need to do and what we are trying to do now is set out some plan of attack. We are now desperate. This Bill will begin to be considered the first week in September in the Finance Committee. Senator Long has announced that he is going to have approximately four weeks of public hearings. Thereafter he will have four weeks of executive session where the Committee will sit around like you are today except there will be no reporter, there will be no public there. That's why we need to have Secretary Kennedy and Mr. Cohen on our side, because as Thruston knows, when you begin to write up these Bills, finally somebody turns to the Secretary of the Treasury and they say, "Mr. Secretary, how does the administration stand on this section." At that point Mr. Kennedy has got to say, "We are

against changing the hobby loss provision." Now if anybody knows exactly how we are going to get Mr. Kennedy to say this I would be most delighted to visit with him. As a matter of fact that is the real reason I am here—to tell all of you what our problem is and to ask all of you to participate in this effort because it is going to take all of us to get it done. We need to do that. Further than that, we then need to go down the list of Senators on the Finance Committee. I've got a list of all of them on the desk and I would be delighted to give one to each of you who might want a copy of the members of the Finance Committee. Those of you who feel as though you could go and talk to any of these Senators with respect to this particular measure, any one of these sections, or all of them, I urge you to do that.

It is fairly effective for Thruston, who comes from Kentucky, and me who comes from Florida to go and, let's say, talk to Herman Talmadge of Georgia. On the other hand it is infinitely more effective when a man from his state, or a group from his state, who are going to vote for him, who are going to contribute to him, who are going to help him, it is much more effective when they go to him. So what we need to do is to have you look at the membership of the Finance Committee, determine who it is among that group that you can talk to, that you have some influence with, and by all means go about talking to them.

We need to get this a little better organized than just that. We have an office in Washington, I'll give you the telephone number in just a minute, I have an office, but we have the headquarters of the American Horse Council. We have charts and we need to know who is seeing particular people. We need to know what their reaction is. You will find, and this is no criticism of my former colleagues, Thruston would agree with this, that some days a Senator will say something a little more kindly than he will say on another day.

What we need to do is to have people go to these various Senators and specifically ask them what they will do with respect to changing the hobby loss provision as it came over to them from the House of Representatives. We need to get a record of all these people. We need to develop very much a spokesman for the horse industry on the Committee. I am frank to tell you that at the moment we do not have that spokesman. I could tell you of a number of Senators I think are for us. But we don't have the kind of a spokesman that we need so that when the doors are closed and when the pencils are out and they are writing the legislation and when nobody is there but the Secretary of the Treasury and those fellows, we have got a spokesman at that point who will stand in there and present our case with a dogged determination which all of us would appreciate and certainly all of us would admire. If you know of somebody on that Committee that you think you know well enough who would be willing to become our spokesman, for heaven's sake please talk to Thruston or me or Henry Durham about it.

When we go to the Senate Floor with this there will be a vast number of amendments offered. We don't want to have a Bill rewritten on the Floor. It is highly volatile on the Floor of the Senate. Lots of things could happen and we might actually be hurt worse on the Senate Floor than we will be in the Committee. But we do need that spokesman, not only in the Committee but when we get to the Floor. So I would hope that each of you would search through your friends, search through your contacts, to try to determine which one of these people it is that you can talk to or, if there is more than one, please do it. It is important. It may be that if we don't make this fight as we should, with a great deal of vigor and much heart, and as Mr. Hollingsworth said here a moment ago, if we don't make this fight to really win, if we don't give it our best efforts in the next two months, it may be that we will see the end of the horse racing industry, and even more important, we will

see the end of what have been great institutions, such as those that exist here at Saratoga, and down at Keeneland, Hialeah and others. So I implore you, I beseech you to join with us in what has got to be a mighty effort if we are to succeed.

Thank you very much.

(Applause)

MR. PHIPPS: Thank you, George, for an excellent talk. Does anybody want to bring up anything at all at this time? If not, there will be drinks in the Walter Jeffords Wing downstairs and then lunch at the race track as guests of The New York Racing Association. Again, thank you for coming.