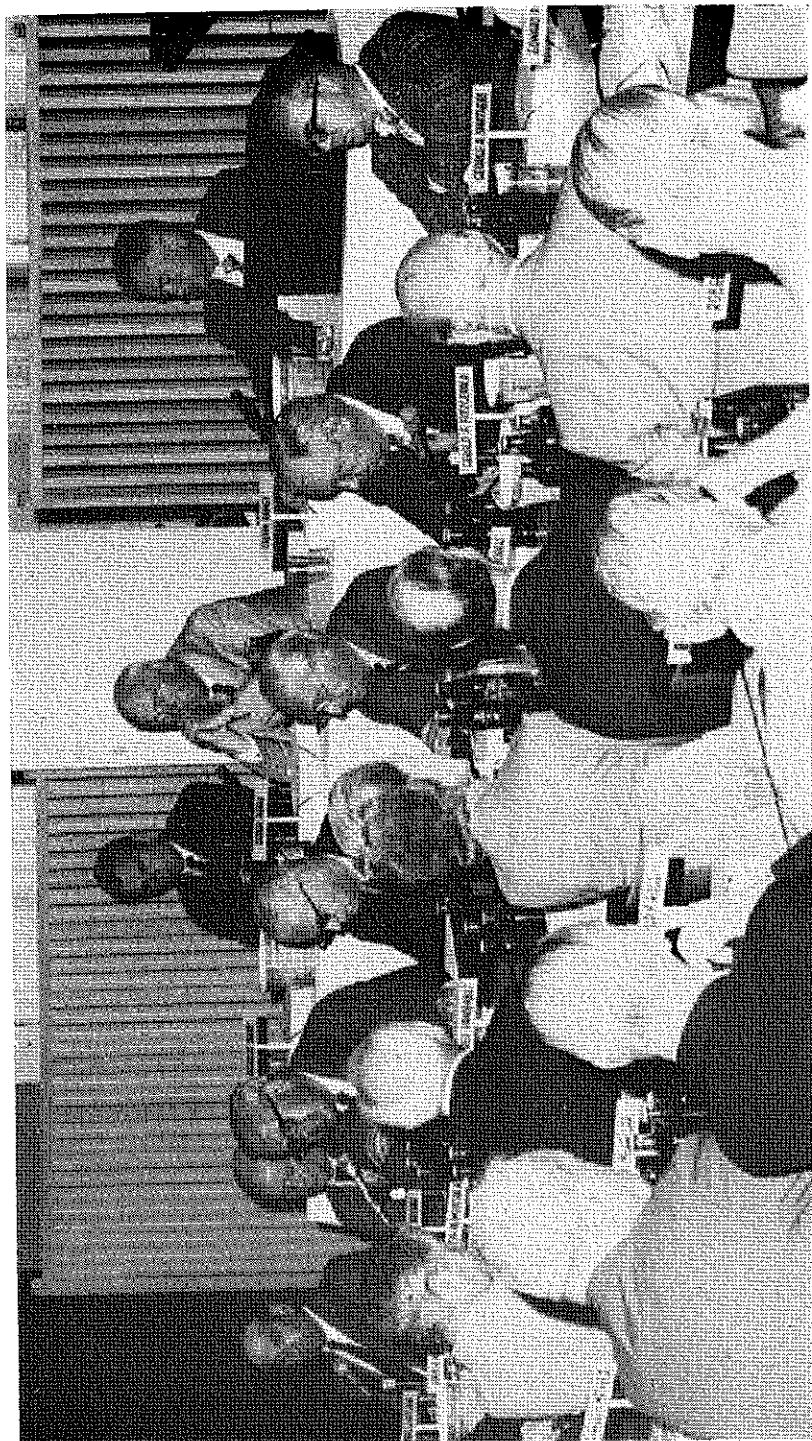


Senator George A. Smathers, General Counsel, American Horse Council, Inc.



Monsieur Jean Romanet, Director General, Societe d'Encouragement, Paris, France



*Dais—Nicholas F. Brady, Ogden Phipps, Calvin Rainey
The Panel—Dr. Manuel A. Gilman, Nathaniel J. Hyland, Dr. John Bryans, Jean Romanet,
Brigadier C. B. Harvey, Urgel G. Bell, Gerald F. Fitzgerald*

TWENTIETH ANNUAL ROUND TABLE DISCUSSION
ON
MATTERS PERTAINING TO RACING
HELD BY
THE JOCKEY CLUB
AT THE
NEW SKIDMORE COLLEGE CAMPUS
SARATOGA SPRINGS, NEW YORK
SUNDAY, AUGUST 13, 1972

IN ATTENDANCE:

- Richard E. Bailey, Sr., President, Hughes Sports Network, Inc.
Lieutenant Colonel Charles Baker, Vice Chairman, The Ontario Jockey Club
Phillip J. Baker, General Manager, Continental Thoroughbred Racing Association
Frank M. Basil, Executive Director, Finance Committee, New York Racing Association, Inc.
John A. Bell III, Breeder, Owner
Urgel G. Bell, President, National Association of State Racing Commissioners
Stanley G. Bergstein, Executive Secretary, Harness Tracks of America, Inc.
Dan Bowmar III, Statistical Bureau of The Jockey Club
*Nicholas F. Brady, Breeder, Owner; Steward of The Jockey Club
Mrs. Nicholas F. Brady, Owner
John L. Brennan, President, Harness Tracks Security, Inc.
J. Newton Brewer, Jr., Chairman, Maryland Racing Commission
James E. Brock, President, Thoroughbred Racing Associations; General Manager,
Ak-Sar-Ben
Dr. John T. Bryans, Professor of Veterinary Science, University of Kentucky
J. Elliott Burch, Trainer
Gerard A. Burke, Steward
Elmer Campbell, President, International Union of Journeymen Horseshoers of the
United States and Canada
Joseph F. Carlino, Attorney and former Speaker of the New York State Assembly
R. Anthony Chamblin, Editor and Publisher, Horsemen's Journal
John S. Clark, Counsel, New York State Racing Commission
Kyle G. Clark, Pinkerton New York Racing Security Service, Inc.
Everett A. Clay, Public Relations
Dr. Leroy Coggins, Associate Professor of Virology, New York State Veterinary College,
Cornell University; Director, Research Laboratory for Equine Infectious Diseases
*Leslie Combs II, Breeder, Owner
Reginald D. Cornell, Trainer
Mark Costello, Resident Manager, Saratoga Race Course
Ted Cox, Columnist, Daily Racing Form
John I. Day, Director of Service Bureau, Thoroughbred Racing Associations
Thomas J. Deegan, Jr., Public Relations
Aime Des Rosiers, Chairman of the Board, Windsor Raceway
L. P. Doherty, President, Grayson Foundation

Frank Donovan, Thoroughbred Racing Protective Bureau
Walter H. Donovan, Vice President, Garden State and Hialeah Park
Edward J. Dougherty, President, Harness Tracks of America
Spencer J. Drayton, President, Thoroughbred Racing Protective Bureau
Dr. Thomas E. Dunkin, President, American Associations of Equine Practitioners
Francis P. Dunne, Steward
Mrs. Richard duPont, Breeder, Owner
Henry Durham, Assistant General Counsel and Executive Director, American Horse Council, Inc.
William S. Evans, Director of Sales, Keeneland Sales
John J. Finley, President, Eagle Downs
Humphrey S. Finney, Chairman, Fasig-Tipton Company, Inc.
John M. S. Finney, President, Fasig-Tipton Company, Inc.
Gerald F. Fitzgerald, Member, Illinois Racing Board
James W. Fitzsimmons, Assistant General Manager, Saratoga Harness Racing Inc.
John R. Gaines, Breeder, Owner
*John W. Galbreath, Steward of The Jockey Club; Trustee, New York Racing Association, Inc.
Dr. Manuel A. Gilman, Chief Examining Veterinarian, New York Racing Association, Inc.
*Tyson Gilpin, Breeder, Owner
Joseph A. Gimma, Chairman, New York State Racing Commission
Herbert Goldstein, Columnist, Daily Racing Form
Robert L. Green, Manager, Greentree Stud
*Winston F. C. Guest, Breeder, Owner
Edward F. Hackett, Executive Vice President, United States Trotting Association
*John W. Hanes, Steward of The Jockey Club; Trustee, The New York Racing Association, Inc.
F. William Harder, Breeder, Owner
Brigadier C. B. Harvey, The Jockey Club, England
Charles Hatton, Columnist, Daily Racing Form
Major General John P. Henebry, Breeder, Owner
Kent Hollingsworth, Editor, The Blood-Horse
Stewart Hooker, Publisher, Daily Racing Form
David E. Hooper, Executive Director, Thoroughbred Breeders of Kentucky, Inc.
Fred W. Hooper, Breeder, Owner
Nathaniel J. Hyland, Assistant Secretary of The Jockey Club; Steward
Eugene Jacobs, President, New York Division, Horsemen's Benevolent and Protective Association
Nick Jemas, National Managing Director, Jockeys' Guild, Inc.
P. G. Johnson, Trainer
*Warner L. Jones, Jr., Breeder, Owner
Dr. Grant S. Kaley, Director, Division of Animal Industry, New York State Department of Agriculture & Markets
Sam Kanchuger, Director of Press Relations, New York Racing Association, Inc.
Robert F. Kelley, Public Relations; Vice President, National Museum of Racing
Ralph Kercheval, President, Thoroughbred Club of America; Manager, Mereworth Farm
Frank E. Kilroe, Vice President, Racing Secretary, Los Angeles Turf Club
Arnold Kirkpatrick, Record Publishing Company
*Robert J. Kleberg, Jr., Trustee, New York Racing Association, Inc.
John H. Krumpke, President, New York Racing Association, Inc.
Arthur E. Langmayer, Steward

Dr. Norman Lewis, Supervisor of Drug Tests, New York Sate Racing Commission
Harry Lores, Owner
Patrick W. Lynch, Vice President, Public and Press Relations, New York Racing Association, Inc.
Donald M. McKellar, Breeder, Owner
Edward T. McLean, Vice President, Delaware Racing Association
William C. MacMillen, Jr., Breeder, Owner
Robert F. Mackle, Sr., Florida Advisory Committee
Robert R. Mahaney, Select Committee on Crime, House of Representatives
Landon C. Manning, Sports Editor, The Saratogian
Walter J. Mara, Guest
John DeWitt Marsh, Breeder, Owner
*Charles E. Mather, II, Breeder, Owner
Harry J. Millar, Secretary, New York State Racing Commission
MacKenzie T. Miller, Trainer
*James P. Mills, Breeder, Owner
John J. Mooney, President, The Ontario Jockey Club
Paul Mooney, Executive Vice President, Managing Director, Miles Park
Ernest B. Morris, President, Saratoga Harness Racing, Inc.
*John A. Morris, Steward of The Jockey Club
Mrs. John A. Morris, Owner
John T. Morrissey, Steward
Sean Murphy, Public Relations, Ireland
John A. Nerud, President, Tartan Farm
Joseph C. Nichols, Turf Writer, The New York Times
Kenneth Noe, Jr., Racing Secretary, New York Racing Association, Inc.
Charles Nuckols, Jr., President, Thoroughbred Breeders of Kentucky
Patrick W. O'Brien, Steward, New York Racing Association, Inc.
Joseph M. O'Farrell, Vice President, General Manager, Ocala Stud
Jerome V. O'Grady, President, Pinkerton's Inc.
Dr. F. A. O'Keefe, Breeder, Owner
*Ogden Phipps, Chairman of The Jockey Club; Trustee, New York Racing Association, Inc.
Mrs. Ogden Phipps, Owner
*Ogden Mills Phipps, Breeder, Owner
John P. Pons, Breeder, Owner
Joseph P. Pons, Breeder, Owner
Robert E. Quirk, Pinkerton New York Racing Security Service, Inc.
Calvin Rainey, Executive Secretary of The Jockey Club
Virgil W. Raines, Trainer
Dr. William O. Reed, Veterinarian
*Joseph M. Roebing, Breeder, Owner
Jean Romanet, Director General, Societe d'Encouragement (France)
Saul D. Rosen, Retired Editor, Daily Racing Form
*Donald P. Ross, Chairman of the Board, Delaware Racing Association
*E. Barry Ryan, Vice President, Thoroughbred Owners and Breeders Association
Fred H. Ryan, President, Los Angeles Turf Club
Walter J. Salmon, Jr., Breeder, Owner
Paul Silvergleid, Chairman, Connecticut State Gaming Commission
William Skirving, Sports Writer, Albany Knickerbocker News
Sarto J. Smaldone, Mayor of Saratoga Springs
Senator George A. Smathers, General Counsel, American Horse Council, Inc.

*Gerard S. Smith, Steward of The Jockey Club
 Harold Snowden, Manager, The Stallion Station
 James D. Stewart, Executive Vice President, Hollywood Turf Club
 Lynn Stone, President, Churchill Downs
 Brian Sweeney, General Manager, California Thoroughbred Breeders Association
 Charles Taylor, Trustee, Ontario Jockey Club
 E. P. Taylor, Chairman of the Board, The Ontario Jockey Club
 Colonel Cloyce Tippett, Breeder, Owner
 Mrs. Cloyce Tippett, Breeder, Owner
 Whitney Tower, Turf Editor, Sports Illustrated
 John B. Tweedy, Breeder, Owner
 Mrs. John B. Tweedy, Breeder, Owner
 *Daniel G. Van Clief, Breeder, Owner
 *Alfred G. Vanderbilt, Chairman, New York Racing Association, Inc.
 Sylvester E. Veitch, Trainer
 Michael Venezia, Jockey
 Ben Walden, Vice President, Thoroughbred Breeders of Kentucky
 Brigadier F. C. Wallace, Chairman, Ontario Racing Commission
 Thomas M. Waller, President, American Trainers Association
 Simon Weatherby, Representative of English Jockey Club Secretariat
 *Reginald N. Webster, Breeder, Owner
 William H. Welch, Director, New York State Thoroughbred Breeders Service Bureau
 David A. Werblin, Member, New Jersey Sports Exposition Authority
 Henry D. White, President, Thoroughbred Club of America
 Clifford W. Wickman, Vice President, Thoroughbred Racing Protective Bureau
 Jacques D. Wimpfheimer, Vice President, Thoroughbred Owners and Breeders Association
 Dr. Jordan Woodcock, Administrator of Drugs and Medication Program, American Horse Shows Association

Moderator — Calvin S. Rainey, Executive Secretary, The Jockey Club

*Member of The Jockey Club

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MR. PHIPPS: Ladies and gentlemen, I want to welcome you to the Twentieth Round Table Conference. It is very gratifying to me to see such a large turnout and I hope that our program justifies it.

First we will have an exchange of information concerning research in the horse identification field and the participants are Mr. Hyland, whom you know is the steward appointed by The Jockey Club at the NYRA tracks, and Assistant Secretary of The Jockey Club, and Dr. Manuel Gilman, the veterinarian for the New York Racing Association. Dr. Gilman, Mr. Hyland.

MR. HYLAND: Mr. Phipps, Stewards and members of The Jockey Club, Mr. Romanet and guests:

On Thursday, August 3, The Jockey Club with the cooperation of the New York Racing Association, the T.R.P.B. and Pinkerton's New York Racing Security Service, Inc., conducted a seminar on horse identification. The response was gratifying. Representatives of trotting associations, Tennessee Walking Horse Breeders and National Horse and Pony Council attended, as well as racing officials and commissioners from seven states and Canada.

The seminar was timely and well attended due in part to the following recent headlines:

"Two Men Are Barred In New Jersey Ringer Case."

"Maryland Stewards Cite Ringer Case."

"Link Twelve Tracks In Horse Coup."

"Pin The Mob In Switch Of Starters At Tracks."

These in turn were followed by the headline:

"N.Y.R.A. Definite—No Ringers Here."

Perhaps the latter is a bit too definite but we are *almost* positive that no ringers ran in New York in recent years. Why are we so sure? With your indulgence I would like to furnish some background on horse identification.

What is a ringer? A ringer is one horse running in another horse's name. How can this happen? In 1946 the T.R.P.B. initiated the lip tattoo. Prior to 1946 horse identification was, at best, a haphazard operation. An identifier was usually a clocker or retired trainer supposedly able to identify any horse at a particular race track by sight. The identifier would never admit that he did not know a particular horse—indeed in many cases the horse would be identified by the groom leading the animal into the paddock. The identifier knew that the groom rubbed a certain horse, ergo the horse being led was the correct horse. If the identifier used the description on The Jockey Club Registration Certificate for identification he was much more accurate. However, a ringer could be substituted by an individual changing the markings on one horse to conform with the markings on another horse by use of paint or dye. Paddy Barrie was probably the most notorious of all horse switchers. Kent Hollingsworth in the June 5 edition of The Blood-Horse wrote a two page article covering Barrie's activities in the early 1930's.

In 1938 an experimental system of horse identification was started by The Jockey Club using photographs and a written description of the white markings and other physical characteristics. In the course of examining horses, night eyes, or chestnuts, of unusual size and shape were included in the description. Further observation revealed the differences in sizes and shapes of the chestnuts on all horses examined. From this has evolved the present New York system.

In 1946 the T.R.P.B. initiated the lip tattoo. The tattoo is composed of a letter designating the year of foaling, followed by four or five digits, the entire tattoo being the registration number of The Jockey Club certificate. For example, regis-

tration number 70 1001 would be lip tattoo Z 1001, the letter Z corresponds to 70, being the year of foaling. Before a horse is tattooed his actual markings are checked with the description appearing on his registration certificate. If the marks do not check he is not tattooed until the certificate is corrected or, in the case of a mixup of foals, until the matter is resolved to the complete satisfaction of The Jockey Club. The tattoo standardized the method of horse identification for all member tracks of the T.R.A. The identifier checks the registration certificate number of every horse against the tattoo number appearing on the inside of the upper lip of the horse. If the numbers do not agree it is not the correct horse.

Until recently the system seemed the final method of horse identification. However, no man made system is completely foolproof. In ringing cases in the twenties and thirties the appearance of one horse was changed to look like the appearance of another horse. The new method is counterfeiting the registration certificate. The name, color, sex, age and breeding of one horse appears on the counterfeit registration certificate with the registration number and description of another horse. Thus, the tattoo number of the ringer horse will correspond with the certificate number on the forged certificate—this allows the ringer horse to run without fear of detection where the tattoo alone is used for identification.

Thanks to prompt action by the T.R.P.B. and the F.B.I. the counterfeiting action was uncovered. The number of counterfeit certificates still in circulation, however, is not known. The T.R.P.B. has uncovered forty-one such cases in the past year.

Cal Rainey and I were privileged to see the results of an F.B.I. investigation and raid. The equipment confiscated was of the highest quality. The counterfeit blank certificates would stand up under the closest scrutiny. Dies bearing the signatures of the Registrar and Secretary of The Jockey Club were almost perfect, as were the tattoo and Jockey Club stamps. The whole operation was the work of a master counterfeiter.

As soon as the counterfeit certificate method of ringing was disclosed, Mr. Phipps and Mr. Rainey immediately devised the plan of a print out showing the registration numbers of all foals for the years 1967 thru 1970 inclusive under the alphabetical listing of the dams. Thus if a counterfeit certificate showed the sire and dam of one horse, the lip tattoo of the other horse would not correspond. These listings are in booklet form by year, and have been and will continue to be sent to the various Racing Commissions. In addition, The Jockey Club is devising a special type paper for registration certificates with a unique water mark that will be used hopefully by the end of this year and definitely with next year's registrations.

Despite the perfection of these counterfeit certificates we feel here in New York that the probability of a ringer passing is nil. Under The Jockey Club Universal System of Horse Identification, using the combination of the tattoo number, provided by the T.R.P.B., and color photographs of the horses with their night eyes, provided by the Pinkerton's, the system, in our opinion, is the most efficient known. It is a complete identification system.

To cover this in detail I would like to call upon Dr. Manuel A. Gilman, Examining Veterinarian and head of the Horse Identification of the New York Racing Association.

DR. GILMAN: Thank you Bud. The FBI identifies criminals basically by using a front and side view picture of the individual and his fingerprints; added to this, they use scars and any permanent disfigurements that the person might have. The Jockey Club System of Horse Identification is patterned after the FBI system. We use front and side view color pictures together with four life size "Night Eyes."

The Night Eyes are considered the homolog of human fingerprints. There have not been any two horses that have been found to have had the same set of Night Eyes. If they are similar, there are other things that we find different such as color, sex, age, markings and so forth.

We don't think this system should be based only on Night Eyes or on the color pictures. Thus we also add, like Bud said, dimples, characteristics and so forth. A good picture is worth a thousand words. A good picture will show a high headed horse, a Roman faced horse, horses with lop-ears, sway-back and so forth.

The system is based on the six basic colors: Bay, Brown, Black, Chestnut, Gray and Roan. Roan is a mixture of red and white hairs. Gray is a mixture of black and white hairs. All of you horsemen know that no two grays look alike and no two roans look alike or for that matter, there are no two bays with the exact same color or two browns. Black of course would be the same. So, the system will show a dark chestnut, it will show a golden chestnut, it will show a red chestnut as well as all the various different hues in between.

We used to use black and white photographs. The black and white photographs are a lot cheaper and they are quicker to process. You can process an I.D. chart like you have in front of you in twenty minutes, and it costs about forty cents, excluding personnel and the cost of the camera. The camera that is used is a Leica with two lenses and a calibrated armature. The Night Eyes and the photographs are all done on the same film strip—it is impossible to get the Night Eyes of one horse mixed up with another horse's picture because of this fact. When the Night Eyes are taken, one lens is used and when the front and side view is taken, the other lens is used. It takes about four minutes to take a complete set of photographs on a horse.

These pictures that you have in front of you are two individual horses with the exact same markings on the foal certificate. As you look at them you can see differences in conformation. One is a high headed horse, the other one carries his head low, one is lop-eared and the other one is not. As a matter of fact, there is something wrong with the right ear on the horse Speedy Sailor, it hangs low, not only in the picture but it is a characteristic of the horse. If you look at Speedy Sailor's picture you will see fire marks on the left hind Night Eye, where the hock was fired. The cowlicks that we use are cowlicks on the forehead. They are just as good as stars or stripes or any other marking. Every horse has at least one cowlick in the forehead. Some horses have two cowlicks; they can be vertical, diagonal or they can be horizontal. Some horses have three cowlicks. We also use the presence or absence of a cowlick on the neck near the mane. If one is missing it is just as important as one being present. We consider this a complete system of identification. We are not selling anything, we just want everybody to be aware of this system. It is not as complicated as it looks. Any photographer can be taught to take these pictures once the camera is given to him and of course anyone can develop the pictures.

There has been a lot of interest throughout the world on identification. As Bud has said, the headlines that we read concerning "Ringers" at different tracks are written today, not thirty years ago. If there is any way we can stop this from happening we should do so *right now*.

Mr. Romanet is interested in this Night Eye system of identification. He is basically interested in it for France because there, veterinarians take the original description of the foal when it is still with its dam. If he could record a simplified classification of Night Eyes so that you can actually call a certain shaped Night

Eye, A #1 and another shaped Night Eye, A #3 etc., thus when the original markings are taken the veterinarian looks at these legs and records a numerical classification for each Night Eye on each horse. When a horse comes to the races, he will be easily distinguished from another solid colored horse, or another gray horse, or for that matter from any horse. It would even help the breeder who sometimes might get two horses mixed up unintentionally.

That is all I have to say on I.D.

MR. PHIPPS: Thank you very much Dr. Gilman and Mr. Hyland, does anyone have any questions?

BILL HARDER: We have two fillies out at Monmouth. They were raised at Lucien Laurin's farm. They are up at Monmouth now and the Horse Identifier can't separate them, so my question is, when do you start doing this?

DR. GILMAN: That is a very good question. (laughter) I will try to answer it. If we had such a classification of Night Eyes, we would have been able to separate them. All we would have to do is look at the original Night Eyes recorded on the foal and compare them to the Night Eyes on the horse at Monmouth Park. Your problem, I think, could also be ironed out with the blood test. You would have to take the blood of the sire, dam and the two foals in question and try to rule out one of the foals. The Jockey Club will do it for you if you like.

BILL HARDER: Who makes the decision?

DR. GILMAN: The way the blood tests turn out would be the determining factor. If you could rule out one of the foals with a certain sire and dam, he must have had different parents.

CALVIN RAINEY: I would like to say something in answer to Mr. Harder's question. I think the primary point of his question is, when is the important and practical time to start photographing Night Eyes. This is something we have been experimenting with for quite a few years. Of course it would be ideal if this could be done when the application is made to register the foal. We have worked on this project for years but so far, because of the expense of doing it at such an early age and because horses are all over the country, we have not yet found a practical way to do this. We are working on it and perhaps we will be able to find a solution soon. In direct answer to his question, the blood typing of both foals involved in Mr. Harder's case and their dams and sires should, without any difficulty, prove which one is which. We offer this to the industry at a fee of \$100.00 for each test. The tests are run at the University of California at Davis, by Dr. Stormont and in about 80%, or perhaps a little more, of the cases we are able to prove which is the proper horse, sire and dam.

MR. PHIPPS: Thank you. Next we are going to show a motion picture of a horse in action. I think a few of you may have seen it but I think it is a very excellent picture and Dr. Gilman will make some comments on the film while it is being shown. It may be difficult for some of you to see it from where you are sitting and if anybody wants to, after the meeting, we can have a rerun of it.

COMMENTARY DURING SHOWING OF FILM

DR. GILMAN: This picture was taken with a very fast camera. The first sequence shows how a horse coils up in preparation for the start. The horses' heads all drop about 14 inches as the knees buckle, before they take any forward motion in coming out of the gate. I'd like you also to notice how those doors open up exactly at the same time, and the horses actually break before they are completely

open. Now watch the horses' heads as the doors start to open—you will see their heads start to lower, they lower pretty good, every one of them. Now they will start to leave the gate. They actually come out going up in the air. This camera takes pictures at 400 frames per second. The next sequence will show you how a horse breathes as he's running. At the top of his stride, he will take one deep breath, and when his feet hit the ground he will exhale. Watch the horse on the left—notice how the horse's feet hit into the cushion, at a 45 degree angle, the cushion just mushrooms forward until the hoof finally hits a solid base. Then the suspensory apparatus and the flexor tendons absorb the concussion. Notice how important it is to keep moisture on the track, the cushion must remain compact rather than loose. As you will see, half of these horses are in the wrong lead coming around the turn. Belmont Park has a very wide turn, and it doesn't seem to bother them whether they are in the right lead or on the wrong lead. This is a marvelous camera to take pictures of an individual horse that has some problem hitting himself. You can actually see why and how, and how it could possibly be corrected.

When a horse runs, its legs are just like the spokes of a wheel, they don't really push too hard except at the start. The horse on the rail, of course, is in its wrong lead. The right lead starts with the left hind, right hind, left front and ends with the right front. There is never more than one hoof on the ground at any time when a Thoroughbred is running.

If you will watch the black horse on the left, he is calf-kneed and as he comes a little farther forward you will see how this fault is exaggerated when he puts the weight on that leg. Any conformation fault seems to be exaggerated when the weight and the pressure is put on the leg. You would almost wonder how that knee could hold a horse and not break. Some of these horses' fetlocks hit the ground almost as hard as the hoof.

If you will watch the forearm of this horse, you will see the muscles contract, bringing the leg forward, and then when the leg is dropped down, you will see the muscles relax. Nobody pays much attention to these muscles in the forearm and gaskin of a horse, and yet they work the tendons below. The horse with the Harbor View colors, on the rail, is going to change her lead. The jockey doesn't do anything to make this change and unless you watch the legs you will never know that the horse has changed her leads. They change their leads with the two front legs, and then on the following stride, the rear legs change their leads. This is very clear in this particular horse. I believe some horses have more trouble changing leads than others. This filly does it effortlessly. Now she's in her correct lead—right front, left front. If you will watch the rear legs, they snap pretty good when they come off the ground. I made a suggestion to the trainer to put a set of hind bandages on her to prevent all that action and she does much better. She loses a lot of action when the rear legs snap.

This was just a pilot picture that we put together with scraps of film taken in one afternoon at Belmont Park. It could be used for many purposes, such as teaching jockeys to ride, teaching veterinarians, blacksmiths, etc.

(Applause)

MR. PHIPPS: Mr. Urgel Bell, whom you all know is the President of the National Association of State Racing Commissioners, has some questions regarding computer data banks.

MR. BELL: Thank you, Mr. Chairman. First I would like to ask Commissioner Fitzgerald to describe the telecommunication network he is establishing and to tell us how it works.

MR. FITZGERALD: I will try, Urgel. I would like to point out that this is still in the planning stage. For the past three years we have been using a data bank located in California to keep medication records on horses. However, we are now entering a major project, which—should it work in Illinois the way we expect it to—will be made available to all the jurisdictions throughout the country.

This will basically be a police function of each commission, and any commission will be able to tap on to another jurisdiction's information through a national data bank. This will be a very simple thing Urgel, all you will need is a typewriter sized terminal and ordinary telephone lines. It will mean that when a race track opens up and Commissioners are faced with licensing hundreds of people in any given time, they will be able to put the names and social security numbers into a computer and get back all the known information on the individual. Now, this information will be compiled by our state, and as other states get on such a system, we will have all the data that is pertinent to licensing. We also have the NASRC Official Rulings relating to any given individual. This information is public and there are no security measures at this level.

MR. BELL: Thank you, Jerry. We know that several states are doing this type of work now in the processing of licensing and security information. Do you anticipate that eventually we would have a central terminal point, perhaps in Lexington, Kentucky, and that the information would flow through that point, or would this be entirely each state's jurisdictional problem?

MR. FITZGERALD: Well, nothing would be more foolish than each state's keeping total files. As a matter of fact, I assume we all do it the same way now, and we're reduplicating the wheel in every state every day. Ultimately, we would hope that the NASRC Official Rulings as forwarded from each jurisdiction would be entered at one central place, probably Lexington. Our planning at this stage is to use the available police computers which are being used nationwide right now. New York Police Department can get in touch with the New Jersey Police Department through computers and so on across the country. We would hope to take advantage of this.

I think there are several other things you might be interested in. In drawing the perimeters of this operation, we have consulted and have had aid from 10 different states who are very much concerned with this. We also expect to put in other information on the state level, and this information will be veterinary information, medication, history, police reports, reports of financial responsibilities, security reports, stewards' reports, etc. This information would *not* be available to other jurisdictions; it would be priority to the state.

However, should there be reason that other states should know about a certain John P. Jones, there might be a reference to call a Lt. *so* and *so* at New Jersey State Police who would be a security officer authorized to give out information to other security people. We have had to design the system with the federal laws in mind, and so there will be nothing of a highly confidential nature going over the wires. It would purely be by voice communication should any questions arise.

We are looking forward to one other thing Urgel,—we have talked with Mr. Rainey and we are hopeful of taking the Jockey Club tapes of all known living horses and putting them into this system. *Then* as a horse checks in and out of a racetrack, we can really identify the horse and where he is at any given time, and probably can aid the Jockey Club in cleaning up the list of deceased horses. This is the sort of thing, we believe, that the whole industry has to get together and cooperate on.

MR. BELL: Thank you, Mr. Fitzgerald. I can see where this system could be used to many advantages. You could send in your scratch list every morning if you wanted to, and check those horses running at that particular track against horses running at other tracks. Maybe it would solve, to some extent, the problem of ringers. I wonder if anybody else has any questions. Various states' needs are always different and laws are different. What they are doing in Illinois may not fit another state, *so* I would like to hear from anybody from any state on this matter.

MR. PHIPPS: Thank you very much Mr. Bell, thank you Mr. Fitzgerald.

A month ago, the Third International Conference on Equine Infectious Diseases was held in Paris and Dr. John Bryans, Professor of Veterinary Science at the University of Kentucky, was present. I would like to ask Dr. Bryans if he would give us a report on the Conference.

DR. BRYANS: Thank you Mr. Phipps, Mr. Rainey, Honored Guests, Ladies and Gentlemen:

In July of this year at Paris, France, was held the Third International Conference on Equine Infectious Diseases. The Jockey Club was represented at that conference by Mr. Rainey and he has asked me to report to you what ensued during the four days of meetings held. I will be, at the risk of oversimplification of some of the proceedings, as brief as I can.

First, it may be appropriate to give you some history of these conferences. If anything can be given credit for instituting the International conferences on equine infectious diseases it would have to be equine influenza. This disease, which caused the vast epizootic of 1963 in the United States and Canada and in Europe in 1965, was the greatest stimulus to exchange of information about equine disease on an International basis that has ever been applied. Influenza illustrated the total lack of useful communication on the subject of equine disease that existed at that time and the international conferences that it stimulated have gone a very long way toward changing that situation for the better.

Sponsorship for the first conference was arranged by Mr. L. P. Doherty, President of The Grayson Foundation, and Sr. Guiseppa Spagnolo of the Unione Nazionale per l'Incremento delle Razze Equine of Rome, Italy, in 1965. The conference was organized and held at Stresa, Italy, in July of 1966. That conference was designed by us to identify sources of information on equine diseases that might exist in various countries, to recruit them to a forum for International discussion and to stimulate interest in investigation and exchange of scientific information on infectious diseases of the horse. It achieved its purpose.

After that conference, one of the leading men in racing in the world who is sitting on my left today, Monsieur Jean Romanet of the Societe d'Encouragement of France, volunteered his support and the cooperation of his organization to organize a second conference. The second conference was held in due course at Paris in June, 1969. It attracted more participants than did the first one, the scientific program was of higher quality and the discussions much more productive. The proceedings of the first two conferences were published as books and made available to interested persons all over the world.

Immediately following the completion of the 1969 conference, it became abundantly clear to us that the level of enthusiasm for such meetings was very high in International racing and horse breeding circles for we were offered co-sponsorship by organizations representing five different countries for a third conference. With all of these volunteer co-sponsors possible, arrangements became a bit complicated and we came to a decision to hold the 1972 conference at Paris with the again very

enthusiastic co-sponsorship of the Societe d'Encouragement. That supplies you with a brief history of how these meetings came about and I will now attempt to review for you what went on at the latest conference.

I do not have the final statistics, but I can report that we had in attendance more than 350 persons representing at least 33 countries. These persons represented Jockey Clubs, racing organizations, university faculties and government disease regulatory personnel. The conference was organized to present three days of scientific sessions and a final day of discussion of practical matters having to do with International commerce or racing of horses. The conferences are so organized as to present, by invited speakers, the best obtainable current results of research and exchange of opinion on communicable diseases of the horse that are of International importance.

The first subject we considered in our conference was African Horse Sickness. This disease ravaged the horse population of the Middle East and India in recent years; in 1969 it decimated the horse population of North Africa and managed to cross the Straits of Gibraltar to invade Spain, thereby posing a threat to all of Europe. The papers on this subject concerned themselves mainly with means for producing better, safer, vaccines faster.

The second subject was the basic immunology of the horse. This series of papers were given over the course of a full day. The information provided by these papers is directly applicable to more efficient vaccination of horses, to understanding the development of the immune response by the foal, and even, to the more immediately practical purpose of horse identification which was discussed here this morning. We recruited to this session scientists from human medicine to contribute information supplemental to that provided by those directly concerned with the horse and gained the benefit of their very valuable comments. The practical utility of this session on immunology can be illustrated by an incident relating to horse identification repeated here this morning by Doctor Gilman. He told a familiar story of the two foals that could not be separated by the horse identifier and offered the suggestion that blood typing would be of great assistance in about 80 percent of these cases. During the conference it was amply illustrated by Professor Braend of Oslo and others, that through the use of immunological methods a technique could be made available that would with little possibility for error identify 100 percent of animals as to parentage. This method depends on the identification of certain specific proteins of the serum of horses. Since the immunological specificity of each serum protein is controlled by a single gene, the pattern of occurrence of the serum proteins can identify the inheritance factors in any horse.

The next subject considered was arboviral disease, encephalomyelitis, sleeping sickness. This subject was included to give our European colleagues an opportunity to become informed of current developments in recognition, epidemiology and methods for control of certain insect-borne diseases that are peculiar to the Americas. Papers on Eastern, Western and Venezuelan equine encephalomyelitis were presented by leading research scientists in the field. These experts made, for the benefit of regulatory officials from various countries, some recommendations for import-export in connection with these diseases. This is, of course, a very important problem which is emphasized by the present confusion about V.E.E. and the fact that almost one-fourth of the yearlings sold at Keeneland and Saratoga this month are destined for export to Europe and Japan.

Equine Infectious Anemia was the next subject discussed and I can report that the most valuable result of this session is yet to come. It was the first opportunity

afforded interested scientists from Japan and Europe to discuss the latest developments with their American colleagues. The practical aspects of the E. I. A. problem are rapidly getting sorted out.

Although there were discussions of several more important diseases held at the conference, the subject matter was quite technical and I feel is not the type of material that can be very interesting to you here today. I will briefly report to you the proceedings of the fourth day of the conference for this was an innovation. At the suggestion of Mr. Romanet and his staff, we organized a full day for discussion of matters of practical importance to International horse business. The two subjects discussed were identification of horses and Vice Redhibitoires (unsoundnesses relating to selling condition of horses). A good deal of very valuable exchange of opinion took place during those sessions. We have arranged to have transcribed all of the discussions and questions on these subjects. This material will be distributed to horse publications all over the world as soon as it is compiled and translated. The scientific proceedings of the conference will be published as a book.

Now all of the exchange of information and opinion on infectious diseases between scientists and horse organizations in the world is, so far as International commerce is concerned, sterile activity unless that information and opinion is made available to the officials of governments that control International commerce. Because of this fact of life, the sponsors of the conferences have made every effort to cooperate with the Office Internationale des Epizooties, headquartered in Paris, which is an organization of livestock regulatory officials composed of representatives of almost all countries of the world. We have developed a very useful working relationship with that organization and after each of our conferences have presented a report on each disease to the O.I.E. for their consideration and guidance in arriving at judgement decisions which affect International shipment of horses.

It has become quite plainly evident by the enthusiastic reception given the suggestion that these conferences be continued that they serve a needed purpose. Their organization is certainly relevant to the purposes of your Grayson Foundation and I urge you to support this and the activities of the Foundation in encouragement of research on diseases of the horse.

MR. PHIPPS: Thank you very much Dr. Bryans. Does anyone have any questions?

Our next speaker will talk about a subject which has been a very worrisome one to all of us, off-track betting. I thought it would be of interest to hear from a man in whose country it has been a success, and I am very happy that Mr. Romanet, the Director General of the Societe d'Encouragement, has been willing to come over here to speak to us.

MR. ROMANET: Mr. Phipps, Mr. Rainey, Ladies and Gentlemen:

It is a great honor for me to speak at your famous Round Table. Please accept my warmest thanks and forgive me my bad English. As you know, I am here to talk about off-track betting in France. I will not give you technical details about the way our system is managed, but you must know that:

Point 1. Our system is an older one (42 years old) than yours.

Point 2. It is also the cheaper one, with an operating cost of 3.62 per cent last year, including a commission of one per cent to the tobacconists and cafes and despite the fact that it is, for a great part, manually handled.

Point 3. It is the most extended system, as it works on the same meeting through the whole country and as 60 per cent of its turnover is bet on the Tierce by six million Frenchmen out of a total population of 30 million adults.

Point 4. This system is also the most productive for racing and for the state. Racing gets the same percentage as for wagering on the course, and off-course betting accounts for 86 per cent of the total pari-mutuel turnover. The state gets around 18 per cent of the turn over. Maybe that is why clever people in our ministries want to make some changes—they feel that it works too well without them.

Having shown those main points of the French system, I think that I must, as a racing man, talk to you about off-track betting like an old woman who has been married for 40 years and tries to explain to a just-married girl that marriage can also be a success. In my opinion, five conditions must be fulfilled to help racing and off-track betting to live together:

1) The first condition is that racing must get the same percentage of turnover from off-track betting that it gets from on-track betting. There are two reasons—it is normal to repay the track for giving an opportunity for betting and to offer it a compensation for the drop of attendance; it is necessary to give racing more money than was given before in order to organize better races with better horses.

I can assume that off-track bettors need good races and good horses, and that when a good program is organized, it pays for everybody. Rules concerning entries and forfeits must also be adapted to off-track betting, and racing men must take the same care of off-track bettors that they do with on-track bettors.

2) The second condition, which is very important, too, is that off-track betting must be managed by race-track people. In France, off-track betting is managed by the five Parisian Racing Associations, with the help of on-track pari-mutuel technicians, who have elaborated the whole system as it works today.

We feel that this way of doing is the best one for three main reasons:

The first reason is that the difficulties of managing off-track betting are the same as those of managing on-track betting, and that nobody, without on-track experience, can well manage an off-track organization.

The second reason is that organization of pari-mutuels and racing cannot be separated. Each one must be adapted to the other, and track people are the only ones to understand both. In France, even after 40 years, we regularly have some problems to solve and we make changes either in pari-mutuel rules or in racing rules. Who could make the right decision, without knowing both kinds of problems?

The third reason to keep off-track management in the hands of track people is that, in France for example, the racing associations pay pari-mutuel expenses on their part of the takeout. So, their interest in managing off-track betting, like on-track betting, is to get the best results at low cost and to have a perfect control of the management in order to keep a larger part of their percentage for racing. I can assume that it is the only way to have a good management of off-track betting for the benefit of everybody.

3) I must tell you now about the third condition which can help racing and off-track betting to live together. This condition is that the smaller the takeout is the larger is the turnover. There are two main reasons for this—the more you give back to bettors, the more they bet again; second, a small takeout is necessary to wipe out illegal bookmakers with smaller benefits to them and higher pari-mutuel returns to the bettors.

When off-track betting began in France, the takeout was only 11 per cent and, in 25 years, it did not grow higher than 15 per cent. During those years, off-course turnover was growing and bookmakers fading.

Since those days, the government went mad about getting money from racing, and now the takeout is too high and the turnover is growing slower and slower.

Last year, the average takeout was around 30 per cent on the Tierce, around 22 per cent on the Couple, and 18 per cent on straight bets.

The government kept around 22 per cent on the Tierce, around 13 per cent on the Couple, and around 10 per cent on the straight bets.

The part of the racing associations was exactly 8.43 per cent. They paid 3.62 per cent for the management of off-course betting and kept 4.81 per cent for racing.

This situation is not good for French racing, and it could have been most dangerous if the government had not waited until the turnover was growing very fast. Anyway, if bettors do not feel this excessive takeout in their mind, they do in their pockets. Furthermore, some illegal bookmakers are going back to work.

So, on this particular point, I must tell you: Please try to do anything to prevent your government from doing what ours has done.

The fourth and fifth conditions which should be met concerning off-track betting are more technical.

4) This concerns the number of meetings used for off-track betting—the less numerous they are on the same day, the less it costs. In France, which is a small country, off-course betting is organized mainly on one meeting a day. For 12 days in August, it works on two meetings a day, one on flat racing at Deauville, the other on trotting at Enghien or Vincennes. And 60 times in the year, it works on flat racing in the afternoon and with trotters at night. This formula is good for pari-mutuels and for racing. For pari-mutuels, the cost of the off-track service is at its lowest.

For racing, with only one or two programs to promote each day, the racing associations can give bettors good racing with enough purses and enough starters. Among 349 racing associations all over the country, there are only 13 tracks working for off-course betting, and most of them belong to the Parisian Racing Associations.

So, what is done for other tracks?

The five Parisian Racing Associations take from their off-track money to subsidize a Common Fund, which also gets money from a special part of the takeout reserved for breeding. The Common Fund is managed by representatives of racing and of the government. It offers the breeders premiums (10 per cent of the owner's purse for the first three horses in each race.) It also gives to race tracks—which are not used for off-track betting—subsidies which pay 85 per cent of the purses offered on those tracks.

The Common Fund also helps race tracks to keep their training centers, and it offers them loans at the rate of four per cent to modernize their tracks and surroundings.

There are two advantages in this system—money is centralized through the best racing in the country with the best turnover at the lower cost; money is redistributed between provincial race tracks not in proportion of the money bet in that part of the country but in proportion of the quality of the tracks and their interest to breeding. If you cut France between East and West, the West gives only 40 per cent of off-track money engaged out of Paris, but as the breeding centers and most numerous tracks are located in the West, they get 60 per cent of the Common Fund money.

This system, which works well in France, could not be adapted so easily to a larger country, but the idea might be kept in mind.

5) The fifth and last condition concerns betting. It is that, to begin with off-course betting, it looks easier to start exotic bets before straight bets.

In France, the reverse was done because exotic bets were not in use when off-

course betting did start, but now, exotic bets represent 80 per cent of the off-track turnover.

Exotic bets have three advantages:

1) They give the bettor some hope of a big return and help to extend off-course betting to people who do not usually go to the track.

2) As already said, big returns with a small takeout help fight against illegal bookmakers.

3) Exotic betting permits combined bets, which give higher average sums engaged per bet, and is less expensive to deal with.

Couple would be a good form of bet to begin with.

We know that exotic bets have their danger, as big returns can give wrong ideas to some people, but usually those people already are wrong themselves and behave badly anyway.

We had quite a lot of troubles with some big bets on the Tierce some time ago. It has been stopped by two measures. The first measure is the fixation of a maximum bet for each bettor on each combination of the Tierce; if the bettor bets more than the maximum, he is not paid and he does not get a cent of his money back.

The second measure has been taken to control the application of the first one; all big sums won are paid by check. I must add that the stewards are most severe in controlling performances of the horses running in Tierce races.

To conclude, off-track betting has been a great success in France. This success has been made possible because the system has been elaborated progressively by pari-mutuel people under the control of racing people.

It has given too much money to the government and not enough to racing, but, despite this, as the Report of the Ontario Task Force on off-track betting says: "France is reputed to have the best racing in the world."

Maybe this is a little too flattering, but what is certain is that in France racing men, with our off-track system, have made a real industry which covers flat racing, jumping, and trotting. Track people, owners, breeders, trainers, jockeys, stable lads, apprentices are well treated, and those who need it can get education and welfare organizations and also pensions.

Without off-track betting, racing in France would not be a 10th of what it is now, and I should have been deprived of the great pleasure to sit among you all today.

MR. PHIPPS: Thank you very much Mr. Romanet. I appreciate what you have said to us and hope that we can do what you recommend. I was just wondering if you would be willing to answer any questions.

MR. KRUMPE: I think the priority item that Mr. Romanet has stated in his off-track betting report is that if we reduce the take the turnover will increase and the volume, the *volume* is the key word for our growth.

MR. ROMANET: Exactly, you must explain it to the Government people.

MR. KRUMPE: That's the problem.

MR. ROMANET: Mine too.

MR. SILVERGLEID: Do they televise any of the off-track betting programs in France?

MR. ROMANET: Television works only on Tierce. It's on the official TV. They give it almost every Sunday on the Tierce live, and also in the evening, but they don't have much television for off-track people. Our TV is not very extended.

MR. PHIPPS: Thank you again Mr. Romanet.

In 1969 our sport, or industry, was very much worried about what might happen

in Washington in regard to taxation, which would seriously affect us. We therefore decided on the formation of the American Horse Council, and we were very fortunate in securing Senator Smathers as its General Counsel. I think you all know what a terrific job he has done for us. It is now my pleasure, and honor, to introduce to you, Senator Smathers.

SENATOR SMATHERS: Thank you very much Ogden.

As I look around this room and see friends in the American Horse Council, I am reminded that this great Council of the horse industry, which now numbers over 1,250,000 members, was born a lonely child of crisis in early 1969. It was, indeed, a birth of necessity. The horse industry—breeding and racing—in those days was faced with almost certain extinction. Someone had to be found, something had to be done, to save it. It's now history, that, as in other moments of historical crisis, wise men laid aside their differences, and sought strength in the unity of purpose and effort necessary to defeat the forces of misinformation which sought to destroy them.

The House Ways and Means Committee was then seriously considering proposals, which if they had become law, I seriously doubt if we would be here today, or that this great racing plant at Saratoga would be open for the pleasure of so many thousands of people as watched the Alabama Stakes race on yesterday, and the profit of the New York State Government.

Thanks to the efforts of your American Horse Council, that bill did not become the law of the land. Ogden and Ed and Henry and Thruston Morton and Warner and Bull and John and Kent and Newty, and dozens of others—many of you here today joined hands. We took our case to the President of the United States, and then to the U. S. Senate, where thankfully, we were able to persuade our friends that the proposed legislation affecting us—as it came out of the House of Representatives—was unwise; unfair; based on inaccurate information about our industry, and if it became law, it would cut the taproot of the horse industry and adversely affect this nation's economy. We were successful in finally getting the Congress to adopt a much more acceptable bill for our industry.

However, the ink was hardly dry on the President's pen after signing it into law, before the bureaucrats—like termites—began to steal away by regulation, what we had so laboriously achieved through efforts with the Congress and the President.

Contrary to the intent of Congress, the Internal Revenue Service tried to interpret the 1969 Hobby Loss Amendment to mean that a tax payer was presumed to be in business only for those years in the 7-year period occurring after the second profit year.

Faced with this new challenge, we once again gathered up our strength, and moved in on the then Secretary of the Treasury, John Connally. Happily, we were able to persuade John. We got the Secretary to agree that the regulations of the Treasury staff were erroneous and contrary to the intent of Congress, and with his support, we went back to the Congress and convinced them to override the bureaucrats, and to pass still another amendment making it absolutely clear that horsemen will have a full 7 years in which to show 2 years of profit and thus be presumed to be engaged in business for profit, for all of those years.

With these two legislative battles behind us, the American Horse Council became, at an early age, a seasoned fighter. We learned that we must be sort of like the Notre Dame Band at half time, when the other players are in the locker room resting, we have to stay out on the field marching to a fighting song.

Thus far, we have seen that constant attention to what is going on in Washington that affects the horse industry has paid off in results that make it worthwhile.

For example, aside from the legislative achievements, we have obtained more favorable regulations than those originally proposed by the Treasury Department, on what constitutes "activities not engaged in for profit".

We have obtained from the Treasury Department new regulations which treat profits on the sale of racehorses as capital gain, rather than ordinary income.

We are at present awaiting a new set of regulations, which we fully expect to be favorable, governing the application by the Internal Revenue Agents of the 1971 amendment on Hobby losses. We have, with the help of our friend, Senator Marlowe Cook of Kentucky, succeeded in persuading the Internal Revenue Service to stop audits of income tax returns where the new Hobby Loss Provision would be involved, until the new regulations are published.

Furthermore, I think one of the real accomplishments of our combined efforts is the creation of the Internal Revenue Commissioner's Horse Industry Advisory Committee. This is the first of its kind and this Committee helps us keep an excellent working relationship with the Internal Revenue Service.

However, the American Horse Council has not limited itself to just the field of taxation. It has, in fact, extended its efforts to every area of interest to the American Equine Industry.

For example, at our urging, the Bureau of Outdoor Recreation, in the Department of the Interior, is presently in the process of drafting a comprehensive plan to expand the use of our national parks for equestrian trails and other horse related activities. When completed, this report will be submitted to each member of Congress, to the Governors of the fifty states and to the President.

You will recall that our industry has a long standing problem in trying to get horses into Australia and New Zealand. Present rules of those countries require that United States horses be shipped to *England* for a six-months quarantine, and then trans-shipped by water carrier around the tip of South America, in order to finally arrive in one of those countries. As a result of our meetings and correspondence with Australian Government officials, we are encouraged to believe that this problem for our industry can be solved.

You know, of course, that the Council played a very significant role last year in persuading the Congress to appropriate a million dollars, and the Department of Agriculture to take dramatic steps, to *combat* the grave threat presented by the northern movement across the Texas border from Mexico of Venezuelan Equine Encephalomyelitis.

Many of you are aware that the U. S. Humane Society has carried on a vendetta against rodeo shows for a number of years. This organization has tried to have rodeo shows outlawed by the Federal Trade Commission, and failed. It is now trying to persuade the Federal Communications Commission to prohibit the broadcast of rodeos. We expect that their success will be about as meager with that agency, and certainly we will continue our efforts to assure that that kind of unfair attack on a very healthy and highly popular segment of our industry does not prevail.

You know that, last year, the American Horse Council persuaded the Secretary of Agriculture to appoint, within his department, a Horse Industry Advisory Committee. This we think will have a far-reaching benefit on the entire horse industry, and will *assure* more attention to horses and horse related problems, than has been the case since the development of the automobile.

Finally, this year we were able to get an increase from the Congress in appropri-

ations for equine medical research of \$135,000 over the amount recommended by the Administration, bringing the total to over \$500,000 for Fiscal Year 1973.

The American Horse Council is, indeed, proud of the record we have thus far achieved. But, this is as it should be, because the American Horse Council belongs to you, and you are those who constitute a useful and proud industry. An industry which annually provides more than 175,000 jobs with more than one billion dollars in wages. We have more than two billion dollars in total invested capital, more than two million acres of land devoted to horses with a value in excess of one billion dollars. We are a 12 billion dollar a year industry which provides each year more than five hundred million dollars in racing tax revenues to support schools, hospitals, homes for the aged and help for those truly in need.

I am reminded of what happened recently down in Orlando, Florida, when the Orange County Commissioners, due to the massive influx of people to Disney World, wanted and needed three additional auxiliary court houses. The question of how to pay for them was answered by pledging \$160,000 a year in *race track revenue* to support a two million dollar bond issue. This is just one example of how race track revenues are helpful in all types of community projects.

Nevertheless, we are accused of being the rich, the privileged, the establishment. Yet it is interesting to note that the horse industry is an industry where 60 per cent of all horse owners have an income under \$9,000 a year, and where 40 per cent of all horse owners are under twenty-one years of age. Almost every one of the major breed organizations affiliated with the American Horse Council has a youth activities program. Our affiliate—the Horse and Pony Youth Activities Council—alone has five hundred thousand members. You have heard many times, and it's a fact, that there are more young people in 4-H horse programs than any other 4-H activity.

As said earlier, the American Horse Council itself, through all of its affiliated organizations, now has a total membership of over 1,250,000 people, and we are continuing to build. But, like a work of art, we can never really say that we have completed the task. For we must continue to grow, and to increase our power and influence. For we can never feel immune from yet another attack, from some new and unexpected quarter.

The recent hearings in Congress by the House of Representatives Select Committee on Crime saw horse racing attacked from many angles. There is no question but that these hearings have hurt the image of our industry very much. Unfortunately, less than favorable impressions have been left in the minds of many members of Congress who really know very little about the horse industry.

We have even heard it said in debate on the floor of the Senate, that if there were fewer horses to race, there would be less gambling, and if there were less gambling, somehow the moral fiber of the nation would be strengthened. Regrettably, this adverse publicity hurts the entire industry. It puts us back on the defensive, and at a most inopportune time. For we have problems, the major one being *OFF-TRACK BETTING*.

In my opinion, all would agree that if off-track betting spreads *without* proper consideration for the various tracks, and the needs of the horsemen with only stake revenues as a consideration, then the horse racing industry is in serious trouble.

We realize that many here are already working on this problem. It does not lend itself to an easy solution. It involves both State and Federal issues. Be assured that the Council stands ready to cooperate in any way you decide that we can be most helpful in this necessary effort.

From the very beginning of the American Horse Council, we have been saying repeatedly that a legislative victory in one particular year *never* necessarily means you have a final or ultimate victory. Particularly is this true in the tax field. Bad proposals, like crab grass in your lawn, keep coming up every year despite all efforts to destroy it. And sure enough, at this hour in 1972, the storm clouds are again in the sky, the battle lines are forming for what appears to be a far stronger attack on this industry than we have thus far seen.

It is a virtual certainty that Congress will, in 1973, consider a sweeping Tax Reform Bill.

In my opinion, the 1969 Tax Bill was the most revolutionary tax legislation ever passed by a U. S. Congress—also the most anti-capitalistic. However, these are times of *unrest and doubts* and change. And whenever such conditions prevail—the so-called “established”, the entrenched, the well-to-do, become the obvious and first targets.

This time, Democrats and Republicans, Liberals and Conservatives are calling for a comprehensive review of the more than one thousand complicated provisions in the Internal Revenue Code.

Already the Ways and Means Committee has announced extensive hearings on tax reform as its first order of business in 1973.

Wilbur Mills, the Ways and Means Committee Chairman, and Mike Mansfield, Majority Leader of the Senate, have already introduced a bill called the *Tax Policy Review Act of 1972*. This bill would terminate 54 provisions of the Internal Revenue Code which they call “loopholes” including the farm loss provision—and do so over the next three years, unless the Congress votes affirmatively to continue these specific provisions. This would, of course, undo much of the work we have heretofore done in the area of farm losses.

Senator Gaylord Nelson, a member of the Senate Finance Committee along with 11 co-sponsors, McGovern, Kennedy, Rubicoff and Congressman James Corman, of the House Ways and Means Committee, have introduced bills which, together call for 159 major changes to the Internal Revenue Code, including a further limitation of the deductibility of farm losses.

Nelson's bill would limit deductible farm losses to \$10,000, plus one-half of all losses over \$10,000. In addition, the Nelson and Corman bills *each* call for eliminating tax exempt interest on state and local bonds; changes in the capital gain holding period, limitation of depreciation on rental real property; the capitalization of interest and property taxes paid during construction of rental real property, tough changes in the taxation of oil and gas operations; they propose a new capital gains tax on appreciated property held at death; and many other things.

Even our old friend, Senator Lee Metcalf of Montana, has gotten back into the act. He has introduced a bill similar to his 1969 proposal which would substantially reduce the deductibility of farm losses where non-farm income is between \$15,000 and \$30,000, and would eliminate the deductibility of all farm losses where non-farm income exceeds \$30,000. And interestingly enough—probably not to appear to be indifferent to any problem in this election year, the Nixon Administration has announced that it, too, will propose a tax reform bill next year. Naturally, we hope it will not include any type of further limitation on the deductibility of farm losses. But, without Connally, as Secretary of the Treasury, and left in the hands of the bureaucrats, I am fearful as to what the Nixon bill will recommend.

Ladies and Gentlemen, I know by this time you're asking why do I bring up all this, and spoil an otherwise lovely Sunday morning.

The answer is that, in the words of Jefferson, “eternal vigilance is the price of liberty”. I wish I were able to stand here today and tell you I had some magical formula which, if generously applied, would render our industry forever immune from attack. But I can't. The best advice I can give to all of us in the horse industry in the face of these recurring threats is that same advice I gave to my young son who recently announced as a candidate for the Florida State Senate, and came to me for advice. I said to him, “Bruce, I ran for public office and was elected 10 different times, and my only formula for whatever success I achieved can be stated in three simple words—“Fight — Like — Hell”.

The way this industry must fight is to launch the most vigorous, intelligent and comprehensive public relations, educational and, yes, lobbying activities, that we have ever undertaken.

I am amused, and more often angered, by those in the press and elsewhere who continually attack the Constitutional right of individuals, or of an industry, to present to Congress its point of view on any given legislation. These same protagonists have no reluctance whatsoever to beat the lobbying drums for the causes they espouse. But they attack us and attempt to deny us our Constitutional right to present our views. They, in short, seek to silence us, simply because our views differ from theirs.

If we began today to plan our course of attack and map out our campaign of action, it would not be too soon. For if we lose in '73, we will have lost completely—and the other problems become moot.

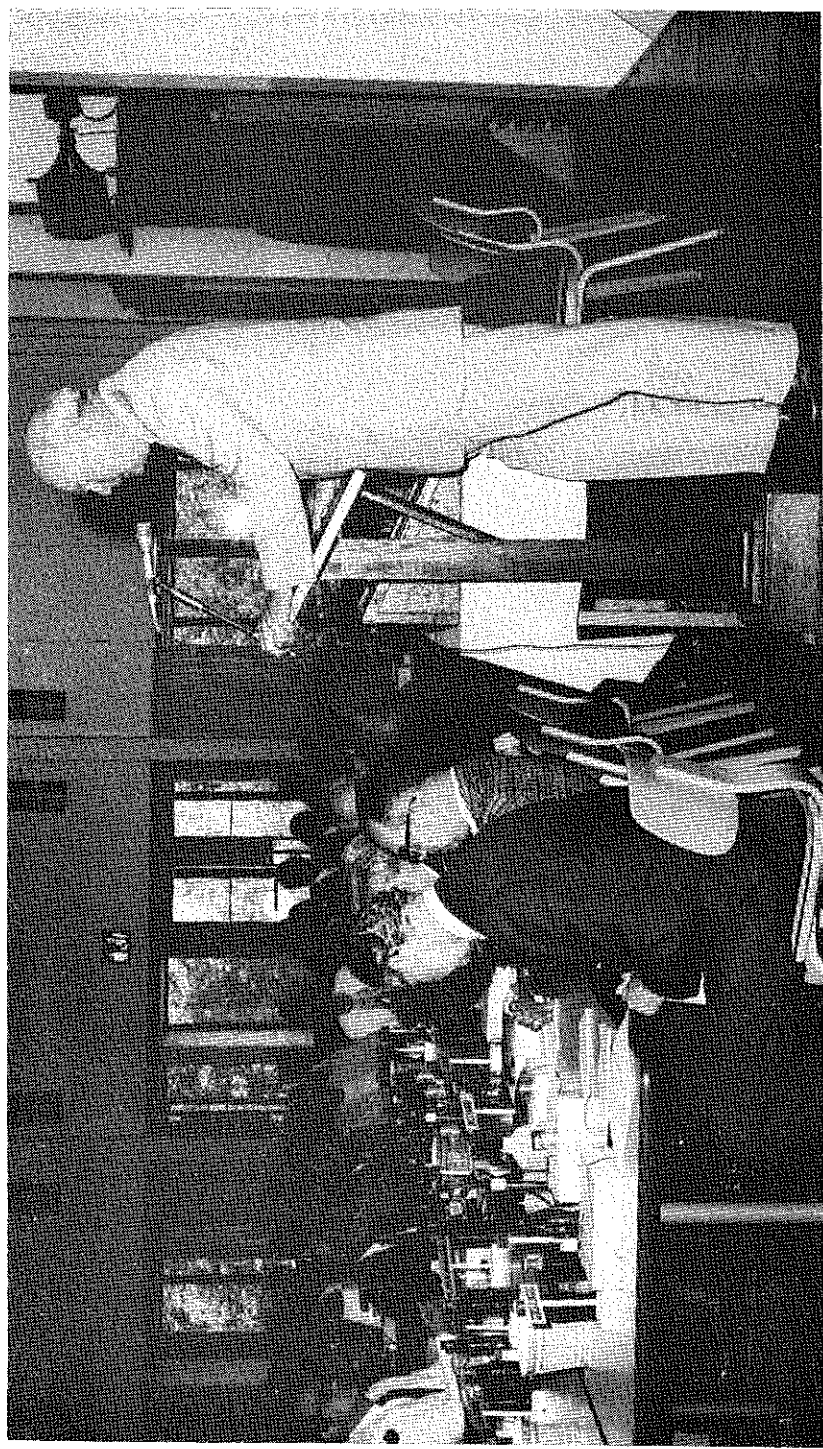
Having spent 22 years in the United States Congress, I know only too well the wearisome feeling that sometimes pervades an individual who is called upon to once again gird up his loins for yet another legislative battle.

But the words of President Theodore Roosevelt, which I kept on the wall of my office when I was a United States Senator always helped. He said—I quote:

“In life it is not the critic who counts; nor the man who points out how the strong stumbled. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who sometimes fails, but inevitably tries again. It is that man who knows the great enthusiasms, the great devotions; who at best knows in the end the triumphs and high achievements, and who, at worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat.”

Thank you.

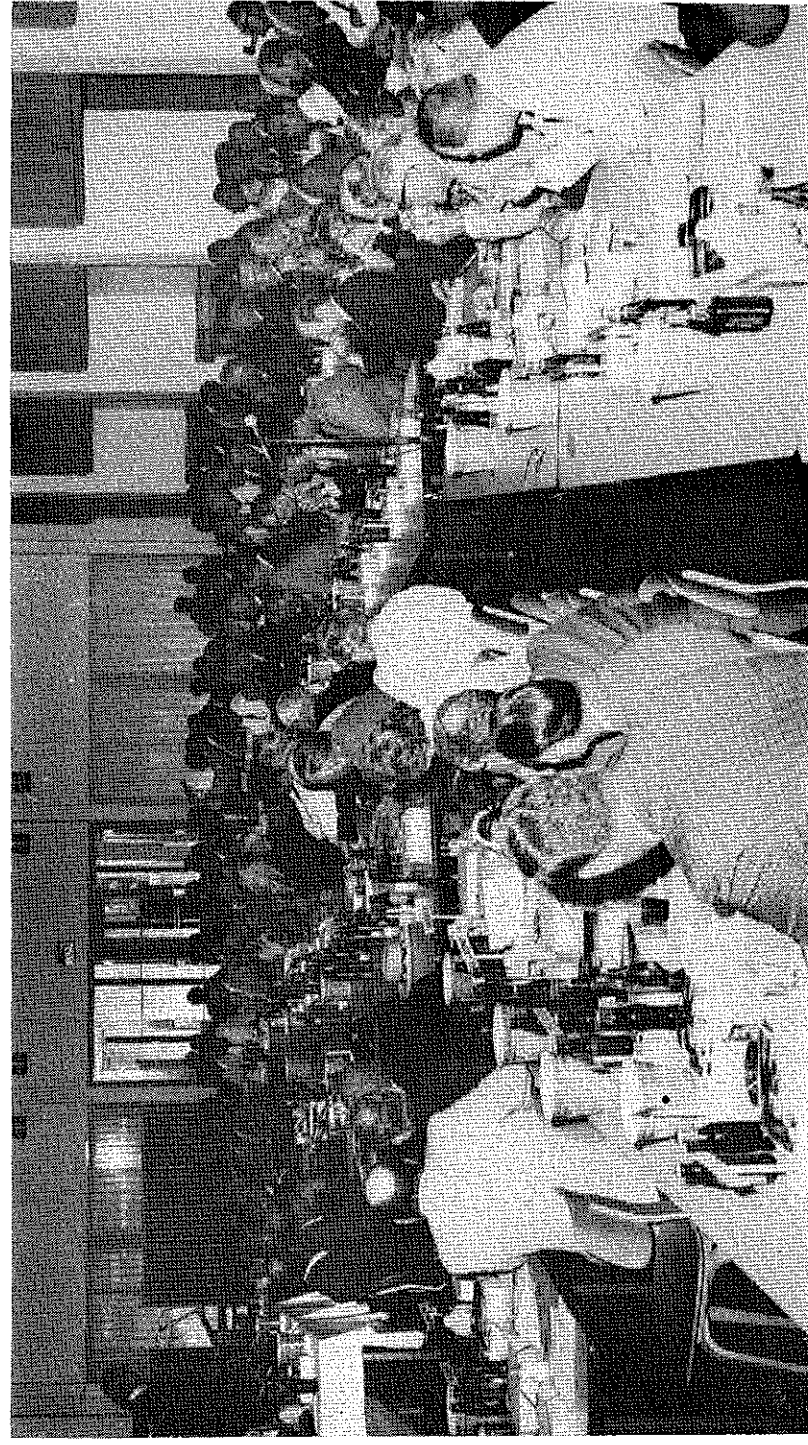
MR. PHIPPS: Thank you George, you never let us down. This concludes our meeting. Thank you all for coming and my special thanks to those who spoke. There are cocktails here and the New York Racing Association has invited you all for lunch in the Club House at the track.



Mr. Phipps expressing his appreciation to all who attended the Conference.



A view of the Conference in session



(photographs by Bob Coglianese)

A view of the Conference in session